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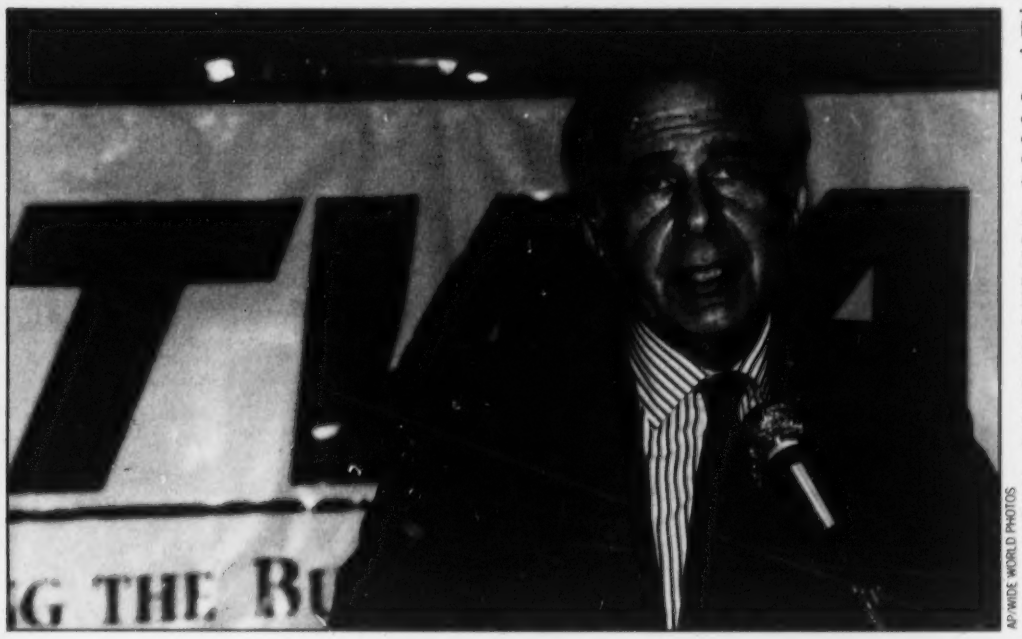
August 17, 1992

# Pensions & Investments

The Newspaper of Corporate and Institutional Investing

$10 An Issue $150 A Year

# U.S. pension agency blocks TWA deal



AP/WIDE WORLD PHOTOS

Carl Icahn is fighting a war of wills with the federal pension agency over TWA's pension liabilities.

By Joel Chernoff

The Pension Benefit Guaranty Corp. is blocking Carl Icahn's emergency exit as he tries to bail out of TWA, but one union is committed to reorganizing the airline with or without the PBGC.

While PBGC officials press Mr. Icahn to pump more money and collateral into Trans World Airlines Inc.'s two underfunded pension plans, his attorney says TWA has agreed to the PBGC's original demands. Agency threats to terminate the plans actually would leave the PBGC worse off than striking a deal, and would throw 30,000 employees out of work if the company collapses, the attorney said.

Meanwhile, a financial adviser to TWA's machinists' union warns the proposed reorganization of TWA will proceed "with or without" the PBGC.

"The PBGC can get crammed down like any other creditor," said Brian Freeman, president of Freeman Enterprises Inc., Roseland, N.J. (A creditor is crammed down, or forced to participate, if two-thirds of a company's creditors agree on a restructuring.)

It's not clear how long the war of wills will last, but with TWA losing more than $1 million a day, it can't go on too long. On Aug. 12, the U.S. Bankruptcy Court in Wilmington, Del., granted TWA a 60-day extension to have the exclusive right to formulate a plan of reorganization. TWA filed Jan. 31 for protection from creditors under Chapter 11 of the Federal Bankruptcy Code.

The airline and its unions and creditors are in discussions designed to take the airline out of Chapter 11. Current plans call for wiping out Mr. Icahn's 90% ownership stake, giving employees 45% of the company stock in return for $200 million in concessions and giving creditors the balance of the stock in exchange for wiping out $1 billion in debt. Meanwhile, Mr. Icahn would give up $200 million in bonds — now worth between $5 million and $10 million — while infusing $150 million in working capital into the airline in the form of a secured loan.

*See* **TWA** *on page 35*

## AT DEADLINE

### Kansas slashes fees

The $4.5 billion Kansas Public Employees Retirement System hired Boston Safe Deposit and Trust as master custodian, drastically reducing its annual custodial fees, said Elizabeth B.A. Miller, investment officer.

Boston Safe replaces both domestic custodian Commerce Bank of Topeka and global custodian Bankers Trust.

The fund will pay Boston Safe $595,000. In contrast, in its fiscal year ended June 30 it paid Commerce Bank $750,000 and Bankers Trust $720,000.

William M. Mercer assisted in the hiring.

### Funding bill introduced

Employers would be required to fund or put up collateral for at least 90% of their current benefits before being permitted to promise benefit hikes under a bill introduced in the House and Senate.

The bill also would require certain plans to contribute at least as much as they pay out each year.

### Property auction stalls

More than half the real estate in the first auction to include pension fund-owned properties didn't sell at suggested prices.

Of 62 properties, auctioneers could not get bids on 28; another 26 had bids below the minimum prices, and were sold subject to confirmation with the sellers. Total sales were $185 million.

Pension fund properties represented about half of the

*Continued on page 32*

# Pension portability high on GOP's list

By Fred Williams

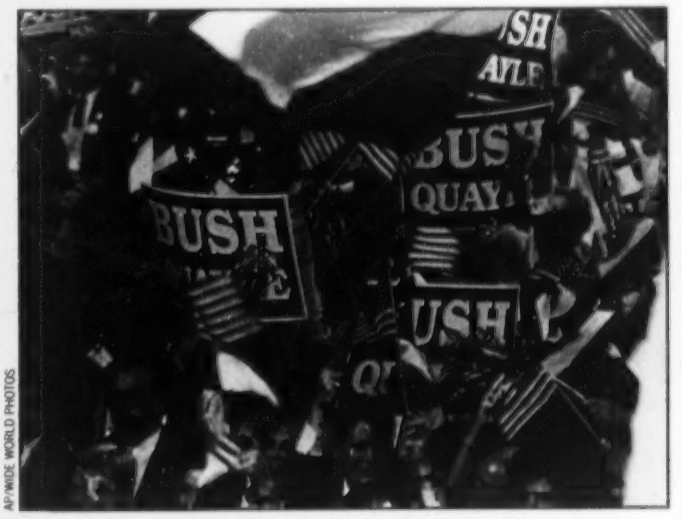
HOUSTON — Pension portability, incentives for non-traditional investments by pension funds and health-care reform are likely to be considered by the Republicans at their convention this week.

While short on specific proposals, some Republican policymakers believe the party platform committee will at least consider these areas.

Unlike the Democrats, the GOP platform committee did not come to Houston with an advance draft of the party platform. Instead, they began deliberations last week.

The 1988 Republican Party platform contained only passing reference to pension issues while taking a shot at Democratic presidential nominee Michael Dukakis. The platform statement urged public officials at all levels to "safeguard the integrity of public and private pension funds against raiding by anyone in labor, business, or government, such as in Massachusetts where the current Democrat governor has raided $29 million from the state pension reserves to fund his enormous deficit in the state budget." Since then, however, California Republican Gov. Pete Wilson has tried to use public pension fund assets

*See* **GOP** *on page 33*




AP/WIDE WORLD PHOTOS

Delegates to the Republican Party's convention in Houston this week will consider pension portability and health-care reform.

# Funds field plan to keep Giants in 'Frisco

By Christine Philip

SAN FRANCISCO — Some union pension funds might lend as much as $200 million to help build a new baseball stadium for the Giants, in an effort to keep the team in the Bay area.

The unions' proposal, however, might be too late. Team owner Bob Lurie repeatedly has tried to secure public financing for a new stadium. In addition, under the terms of the proposed sale agreement, announced Aug. 7, Mr. Lurie can't negotiate with other bidders for four weeks.

The pension funds of most of the unions in the San Francisco Building and Construction Trades Council, which is spearheading the effort, are likely to participate in the financing package. Included are unions representing electrical and sheetmetal workers, plumbers, pipefitters, carpenters and glazers.

Other unions, such as those representing the service trades, culinary arts, janitors and maintenance engineers, have expressed an interest in financing the project, said Larry Mazzola, president of the council. He added the San Francisco City & County Employees' Retirement System and the California Public Employees' Retirement System, Sacramento, also might be contacted.

"This proposal has been on our minds for several years," Mr. Mazzola said. "We have proposed the funding of this project from union pension fund assets because we are trying to get a stadium built in order to keep the Giants in San Francisco and to make this a better sports town."

Details of the financing have yet to be determined. The union proposal includes construction financing for a new baseball stadium and a multipurpose sports arena.

*See* **Giants** *on page 33*

## NEWS DIGEST

AP/WIDE WORLD PHOTOS

**Renowned investor Warren Buffett has analysts and portfolio managers puzzled over his recent acquisition of a 15% stake in General Dynamics. Page 26.**

**The Department of Labor** sues the head of Charter Medical Corp., his relatives and a bank trustee for allegedly overcharging the company's ESOP. Page 4.

**Ameritech Corp.'s former** director of equities sues the company for allegedly violating a secret pact it signed with him a month before his retirement. Page 6.

**Franklin Resources is paying** a good penny to acquire Templeton's mutual fund operation. Page 24.

**A group led by** Irwin Jacobs, the well-known corporate raider, has closed a $500 million fund that promises to make only friendly acquisitions. Page 33.

SPECIAL REPORT: PIPER

**Energy stock managers take** top honors among domestic equity managers in the second quarter. Page 15.

FINANCING

**Nine financial institutions want** to be exempt from federal laws that restrict them from dealing directly with pension funds in swap transactions. Page 2.

INTERNATIONAL

**U.K. retailer Marks & Spencer** is moving 80% of its fund assets into passive management. Page 27.

REAL ESTATE

**Timberland funds continue to** champion commingled real estate returns, but not many new dollars are going in that direction. Page 16.

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Vol. 20, No. 18 — Pensions & Investments (ISSN 1050-4974) is published biweekly with a special edition in May by Crain Communications, Inc., 740 Rush St., Chicago, Ill. 60611-2590. Second class postage paid at Chicago, Ill. and at additional mailing offices. Postmaster: Send address changes to Pensions & Investments, Circulation Dept. 965 E. Jefferson, Detroit, Mich. 48207.

# INVESCO MIM chief out

## Importance of U.S. arm shows in corporate shake-up

**By Norma Cohen**

LONDON — The phased departure of Lord Stevens of Ludgate from the helm of U.K.-based INVESCO MIM PLC has been some time in the making, according to executives and directors of the company.

The company announced July 28 that Lord Stevens would step down as chief executive of the company he helped create. He is being replaced by Charles Brady, deputy chairman and head of the company's U.S. operations.

In April, Lord Stevens also will retire as chairman, thus ending an era at a firm that once was one of the most aggressive money management firms in Britain.

Lord Stevens' close association with the late Robert Maxwell, a well-publicized fine for sloppy administration of personal equity plans and the disastrous investments of an INVESCO MIM investment trust, Drayton Consolidated, harmed the company's image.

But individuals familiar with the firm say ultimately it was INVESCO's shifting business focus that meant Lord Stevens' management style and focus no were longer appropriate.

Worldwide, INVESCO MIM has more than 30 billion pounds (about $58 billion) under management, less than a third of which is in the United Kingdom. For the year ended Dec. 31, U.S. operations contributed 25.4 million pounds (about $49 million) to operating profits; U.K. and other international operations contributed 2.9 million pounds (about $5.6 million). Profits were undermined by the 13 million pound ($25 million) charge the company was forced to make for disastrous investments by Drayton Consolidated, of which Lord Stevens was chairman.

"What underlies all this is a change in management style, which is overdue," said one senior INVESCO executive. Lord Stevens' hands-on approach meant he was involved in the daily decisions of the company, a number of which have proved highly damaging. His hands-on role was diminished with the appointment Mr. Brady.

INVESCO MIM executives and directors said they put pressure on Lord Stevens, who is 56, to retire. A financier close to the chairman, however, said Lord Stevens himself initiated discussions about reducing the burden of his responsibilities at the group almost six months ago. The proposal is said to have been recorded in minutes of an INVESCO MIM board meeting.

At the time, the group had been advised its U.S. operations were worth about 238 million pounds ($430 million), more than the value put on the group as a whole by its stock market price.

In January, INVESCO MIM in great secrecy began work to sepa-

*See* **Shake-up** *on page 33*

# States' pension grabs fought

## CalPERS appeals; N.Y. system wins

**By Steve Hemmerick and Anne Schwimmer**

Trustees of the $67 billion California Public Employees' Retirement System will ask the U.S. Supreme Court to overturn a state appeals court ruling allowing the governor and Legislature to take $2 billion from the pension fund to balance the budget.

In a similar case in New York, a State Supreme Court has ruled unconstitutional actuarial changes instituted by the state Legislature to the $50 billion State and Local Retirement Systems. Officials in Gov. Mario Cuomo's office said they will appeal.

State and local governments nationwide increasingly are targeting public pension funds as a last resort to balance their budgets in tough recessionary times.

Jake Petrosino, a trustee for the California retirement system, said a majority of the fund's trustees decided in a closed-door meeting July 22 that the the appeals court decision "represents bad law. We just couldn't let this stand."

Fund trustees acted in spite of a decision by a coalition of employee unions not to appeal the ruling, said Mr. Petrosino. The coalition originally had filed the lawsuit against the governor and Legislature. Mr. Petrosino said he doesn't know why the unions decided not to pursue the lawsuit.

TOM REED

**New York Comptroller Edward V. Regan hailed the ruling against actuarial changes.**

Of the $2 billion taken from the California employees fund, $640 million went to the state, with the rest distributed to local governments that contract with the fund for retirement services, he said.

California currently faces an $11 billion deficit. The state took the money last year to help balance a then $14 billion deficit, but economic troubles continue to plague the state, which has been paying its bills with IOUs.

Last April, the 3rd District Court of Appeals in Sacramento denied the employee coalition's petition to invalidate newly drafted state law permitting the governor and Legislature to take the $2 billion and effectively set the assumed rate of interest for the California employees system. The assumed interest rate previously was set by the trustees.

The California Supreme Court subsequently decided not to hear an appeal of the decision.

*See* **States** *on page 31*

# 9 firms seek swaps exemption

**By Hillary Durgin**

WASHINGTON — Nine major financial institutions want to be exempt from federal laws that restrict them from dealing directly with pension funds in swap transactions.

If the Department of Labor approves the exemption, yet another barrier would be lifted for pension funds wanting to deal in the nearly $4 trillion market.

A significant hurdle was cleared last month, when the Internal Revenue Service released final rules clarifying the income pension funds receive on swaps is not taxable.

Dealers in the swap arena lauded the IRS action because it applies to income from all forms of swap transactions, also known as notional principal contracts. The IRS rule affects commodity and equity-index swaps, not just interest rate swaps and currency swaps as proposed last year.

"I think that will be a significant event in terms of pension plans seriously considering entering swap transactions," said Tony Baker, vice president, SEI Capital Resources, Wayne, Pa. "The lifting of the UBIT (unrelated business income tax) was a global issue. It was an issue affecting all tax-exempt investors in the U.S."

Swaps, which typically are used to lower borrowing costs or hedge risk, have been explored by few pension funds.

Nine firms filed letters with the Labor Department seeking exemptions that essentially would permit pension funds to deal directly with the swap dealers in swap transactions, rather than go through a qualified professional asset manager, or QPAM. The exemptions could increase funds' flexibility and lower their transaction costs, dealers said.

The firms are: Bankers Trust Co.; The Chase Manhattan Bank; The Goldman Sachs Group L.P.; Merrill Lynch and Co. Inc.; Morgan Stanley & Co.; The New England Mutual Life Insurance Co.; Salomon Brothers Inc.; Shearson Lehman Brothers Holding Inc.;

*See* **Swaps** *on page 32*

REAL ESTATE

## Methodist fund executive lauded for housing efforts

■ F. Gale Whitson-Schmidt, treasurer and chief financial officer of the $4.5 billion General Board of Pensions of the United Methodist Church, Evanston, Ill., was awarded the 1991-'92 Brick and Mortar Award by the Chicago Equity Fund.

"We made this award to Ms. Whitson-Schmidt to honor a person and an institution that has played a particularly significant role in advancing the affordable housing effort in this city," said William Higginson, president of the Chicago Equity Fund.

The Chicago Equity Fund is a real estate investment fund that finances affordable housing projects throughout Chicago. Chicago-area corporations make limited partnership equity investments in the projects, earning low income housing tax credits.

"No other single institution has contributed in as significant a way as the Board of Pensions in 1992, because of its willingness to establish a $5 million line of bridge loans in order to swiftly and efficiently finance our efforts," Mr. Higginson said.

Ms. Whitson-Schmidt's commitment to housing issues extends beyond her role at the Board of Pensions, where she has worked for 19 years, the last 10 on the investment side. She has worked for eight years with ACORN, an Evanston-based project benefiting the homeless, serving as a board member for the organization.

*— Christine Philip*

**F. Gale Whitson-Schmidt receives her award from Chicago Mayor Richard M. Daley and other Chicago Equity Fund supporters.**

INTERNATIONAL

## U.K. plans move more around globe

■ U.K. pension funds are moving more assets overseas, according to Greenwich Associates.

In a report by the Greenwich, Conn., consulting firm, 19.9% of U.K. fund executives interviewed expect to hire overseas managers this year, up more than 1.5 percentage points from the 18.3% of funds that hired managers last year.

Greenwich based its information on 279 personal interviews of executives responsible for management of U.K. pension funds. The interviews were conducted in April and May.

An increasing amount of those assets destined for non-U.K. markets also will be going to passive managers, according to the report. In the survey, 2.8% of the survey respondents said they are looking for index managers, up from 2.1% last year. Active overseas managers are being sought by 17.1% of those interviewed this year.

The big loser in the United Kingdom is real estate. According to the report, 8.8% of U.K. managers will be looking for real estate managers this year — last year, 9.6% of the U.K. fund executives interviewed hired real estate managers.

The report also said fees paid to managers dropped slightly in the past year to 19.9 basis points from 20.5 basis points.

The largest funds — those with assets of more than 1 billion pounds — had the sharpest drop in fees, to 13 basis points from 18.6 basis points.

*— Pete' Retzbach*

MONEY MANAGERS

## Bankers Trust reorganizes unit

■ Bankers Trust Co. has reorganized its Profitco subsidiary and changed its name to Global Assets.

The successor organization includes Profitco's $140 billion in assets under management — of which $110 billion is for tax-exempt clients — as well as $600 billion in assets under administration.

Global Assets differs from Profitco in that it is organized around market sectors such as banks, corporations, broker-dealers and employee benefit plans — not product classes. The unit responsible for a given market sector delivers all Global Assets' products to that sector.

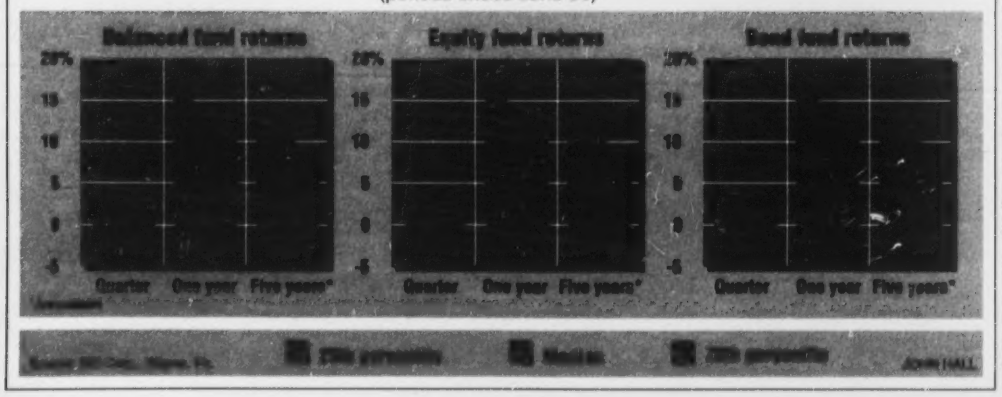
"We think we'll be able to penetrate those market sectors more broadly, more deeply and more efficiently. There's potential for accelerated growth in the business," said Thomas Parisi, senior vice president.

Edward A. Lesser, vice chairman of Bankers Trust and former head of Profitco, will head the new organization. H. Kent Atkins, managing director, will remain the head of the asset management operation.

*— Marlene Givant Star*

**SEI universe performance**

(periods ended June 30)




PROXIES

## Management group buys Georgeson

■ Georgeson & Co., New York, the investor relations and proxy solicitation firm, has been acquired by a management-led group.

Terms were not disclosed.

The management group purchased the company from its parent, Corporate Communications PLC of London.

The owners, who will call the company Georgeson International Inc., said they also purchased Georgeson & Co. Ltd., the firm's London arm.

Managers of Georgeson will have a significant equity position in the company under the new structure.

*— Marlene Givant Star*

INVESTING

## Aronson brutally candid on shortfall

■ Ted Aronson, a principal in Aronson + Fogler, can be brutally honest when discussing his firm's fortunes — or misfortunes.

After developing a list of the 10-best performing stocks from the index against which his firm's small-capitalization portfolio is measured, Mr. Aronson said: "Among this 10 best list, our work avoided all 10 issues, all year."

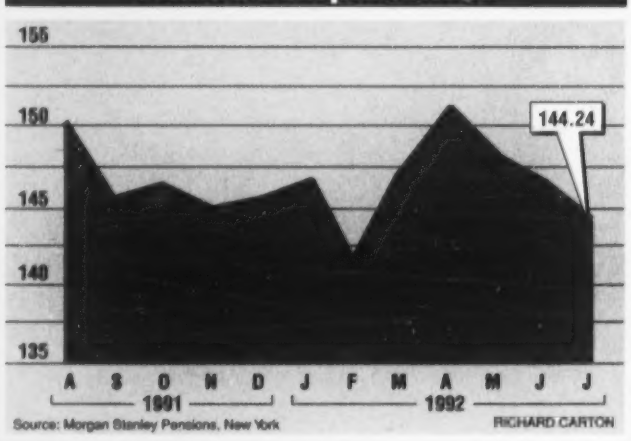
In a midyear review analyzing the firm's results, Mr. Aronson noted Philadelphia-based Aronson + Fogler's small-cap portfolio — which has about $66 million in assets — returned −5.4% for the six months ended June 30. Its benchmark — the Russell 2500 Stock Index, returned −4.5% for the same period.

For longer periods, however, the product — which uses simulated returns prior to Sept. 30, 1991 — has beaten the benchmark.

The small-cap fund returned a compound-annualized 12.9% vs. 10.9% for the Russell 2500 for the two-year period ended June 30; 9.6% vs. 8.6% for three years; 12.6% vs. 10.1%, for four years; and 10.4% vs. 7.2% for the five-year period. Simulated returns do not include management fees.

*— Chuck Paustian*

**Pension surplus index**




SOCIAL INVESTING

## IRRC using 'green' bloodhounds

■ The Investor Responsibility Research Center Inc., Washington, has instituted an environmental information service to track the environmental performance of the companies in the Standard & Poor's 500 Stock Index.

The service provides a Corporate Environmental Profiles Directory, compiled from data culled from government data bases, corporate securities filings, survey information and media clippings.

"Unlike other social issues, such as South Africa exclusion, with environmental performance issues, it's easy to see the financial impact," said Scott Fenn, director of the service.

"Just on fiduciary grounds, investors need information relating to a company's environmental performance. A firm with a negative environmental performance record is much more likely to take a hit down the road in terms of its environmental liability, with a resulting drop in share price," Mr. Fenn said.

Pension funds participated in field testing the service in 1991 and several remain clients, including the Teachers Insurance and Annuity Association-College Retirement Equities Fund, the New York State and Local Retirement Systems, the State of Connecticut Trust Funds, the Common Fund and the General Board of Pensions of the United Methodist Church.

Mr. Fenn said the new service will provide pension funds with the information needed to evaluate companies from a "green" standpoint, as well as from the viewpoint of financial and fiduciary responsibility.

*— Christine Philip*

# Energy managers booming

## Sector leads domestic equity funds in 2nd quarter

By Christine Philip

Energy stock managers outperformed all other domestic equity managers during the second quarter, according to Pensions and Investments' Performance Evaluation Report.

Frontier Capital Management Co. Inc., Boston, led managed equity accounts with a second quarter return of 12.3% for its Energy Equity and Cash account. The Mitchell Group Inc., Houston, which manages publicly traded energy stocks, was second, returning 10.8% for the quarter.

The Standard & Poor's 500 Stock Index returned 1.9%, while the median managed equity account in the PIPER universe returned −1.4%.

Rodney Mitchell, president of The Mitchell Group, attributed the company's second quarter success to a 75% increase in natural gas prices between February and August 1992. "The quarter started very depressed, but we soon saw a rise in natural gas prices that the markets were assuming just wouldn't happen, and we were able to do very well."

Large-capitalization managers performed better than small-cap managers in the second quarter. Compared with the S&P 500's return of 1.9%, the Russell 2000 returned −6.8%. And value stocks outperformed growth stocks: the Russell Price-Driven (Value) Index returned 4.2% for the quarter, while the Russell Earnings Growth Index returned −1.1%.

Value manager John Stewart Darrell & Co., Charlottesville, Va., enjoyed a 44% gain for the year ended June 30, topping the list of PIPER managed accounts. The firm returned 6.9% for the quarter.

The median PIPER managed account equity manager returned 14.2% for the year; the S&P 500 returned 13.4%; and the Russell 2000 returned 14.5%.

Charlie King, senior investment manager at John Stewart Darrell, said the firm benefited from the trend toward value, as the economy shows signs of recovery. The firm's approach primarily uses large-cap stocks, but Mr. King said he pays more attention to value characteristics than to capitalization. He buys some small-cap companies and selected growth companies.

"We don't choose cyclicals for sake of being cyclicals," Mr. King said.

Between 12% to 15% of the $30 million tax-exempt portfolio is in bank stocks, and between 5% and 7% is in multiline insurers, which he said have recovered from the worst of their earnings slump.

Among the firm's other holdings: **General Host Corp.**, a large garden and nursery retailer; **United Dominion Realty Trust Inc.**, a major Southeastern real estate investment trust; **Dresser Industries**, an oil and petrochemical servicer; **Texas Instruments Inc.**, the semiconductor manufacturer; and **Media General Inc.**, a media franchise with growth stock characteristics.

Oak Associates, Akron, Ohio, a large-cap growth manager, placed second among managed accounts, with a return of 38.9% for the year ended June 30.

Cohen, Mavis & Marks Inc., New York, another large-cap growth manager, was third, returning 32.9% for the same period.

Among commingled domestic equity accounts, the Select Equity Fund of Connecticut Mutual Life Insurance Co., Hartford, Conn., led the second quarter, returning 8.1%. The P/PS Regional Bank Fund managed by Associated Bank, Neenah, Wis., was second, with a return of 6.8%. Provident Mutual Life Insurance Co., Philadelphia, returned 6.5% for its Value Equity SA account.

For the year ended June 30, Princeton (N.J.) Bank and Trust's Emerging Growth Fund was the top-performing domestic equity pooled fund, returning 38.2%. Second was Deposit Guaranty National Bank, Jackson, Miss., with 37.4% for its Special Opportunity Fund. The Quest Special Equity Fund of Meridian Bancorp., Valley Forge, Pa. was third, with a return of 34.7%.

The median manager in the PIPER universe of commingled equity funds returned −3.3% for the quarter and 10.3% for the year.

Dewey Square Investors, Boston, led the managed domestic fixed-income accounts for the second quarter, returning 8.9%. Fidelity Management Trust Co., Boston, ranked second, with 6.6%. McCullough, Andrews & Cappiello Inc., San Francisco, was third, returning 6.1%. Managed account domestic fixed-income managers had a median return of 4.1% for the quarter.

For the year ended June 30, Bell Capital Management Inc., Atlanta, led PIPER's managed accounts in domestic fixed income, returning 26.5%. Second was mortgage-backed securities manager Dewey Square, with 24.8%. Trust Co. of the West, Los Angeles, was third, with 23.7%. The median return in the universe was 14.5%.

All top placers in the second quarter and one-year PIPER domestic fixed-income ranks hold broad-duration bonds. The Salomon Broad Bond Index returned 4.1% for the quarter and 12.2% for the year.

"It's been a crazy time for mortgages over the last 12 months, and especially over the last six months, with an avalanche of unexpectedly high mortgage pre-payments in the last quarter of 1991 and very recently in response to lower interest rates," said Frederick Horton, Dewey Square's director of mortgages and senior portfolio manager.

Mr. Horton calls himself a "bond picker" with a quantitative approach, using Dewey Square's risk-controlled portfolio model that matches overall portfolio risk closely to the overall risk of the markets.

"This environment of extreme volatility, confusion and complexity best suits a mortgage-bond picker. This is the perfect environment for me. The year going forward will be the year of the bond picker making small, careful bets."

In the PIPER domestic fixed-income ranking for commingled accounts, the Long Term Bond Fund of Prudential Fixed Income Advisors, Newark, N.J., topped the second quarter, returning 6.2%. Second was the Variable Maturity Fixed Fund of Boatmen's Trust Co., St. Louis, with a 5.5% return, followed by Chancellor Capital Management, New York, with a 5.1% return for its Mortgage Securities Fund.

Prudential's fund also ranked first for the year ended June 30, returning 21.9%. Boatmen's fund finished second again, with 19.9%. Third was Wellington Trust, Boston, with 18.8% for its Emerging Bond Fund.

Among commingled account domestic fixed-income mangers, the median return was 3.9% for the quarter and 13.8% for the year.

In international equity, Bank of Ireland Asset Management Ltd., Greenwich, Conn., was first for the quarter, with a 15.3% return in its separately managed account. Its commingled account — through First NH Investment Services-Bank of Ireland Asset Management, Concord, N.H. — placed second, with 14.2%. Associated Bank was third, with 12.1%.

For the year ended June 30, Marvin & Palmer Associates was first, with 43.9% in its international equities portfolio. Bank of Ireland's separate account was second, returning 34.7%, and First NH-Bank of Ireland was third, with 30.9%.

The median for international equity managers was 4.2% for the quarter and 7.2% for the year. The Morgan Stanley Capital International Europe Australia Far East Index posted a 2.2% return for the quarter and −0.3% for the year.

Delaware International Advisers Ltd., London, outpaced other international fixed-income managers, with an 11.5% return for the quarter ended June 30. Baring International Investment Ltd., Boston, was second, with 10.7%, and Global Fixed Income Advisors, Newark, N.J., was third, with 9.9%.

Delaware International had the top one-year international fixed-income returns — 33.3%. Global Fixed Income Advisors was second, returning 29.8%. Baring International was third, with 29.1%.

The median for international fixed-income managers was 8.4% for the quarter and 26.5% for the year. The Salomon World Government Bond Index returned 9.4% for the quarter and 27.3% for the year.

PIPER commingled accounts, called PIPER, include performance for funds that commingle client accounts for investment purposes. PIPER managed accounts, formerly PIPER+, includes a composite of individually managed accounts. The data for both universes are gathered by Rogers, Casey & Associates Inc., Darien, Conn. ■

### PIPER accounts

Periods ended June 30

**Balanced**

| | Quarter | 1 yr. | 3 yr. | 5 yr. | 10 yr. |
|---|---|---|---|---|---|
| Highest return | 11.0 | 31.7 | 24.9 | 27.3 | 21.7 |
| First quartile | 2.4 | 15.7 | 12.9 | 11.2 | 17.2 |
| Median | 1.4 | 14.1 | 11.9 | 10.3 | 16.2 |
| Third quartile | 0.1 | 12.2 | 10.3 | 9.4 | 15.1 |
| Lowest return | -8.1 | 6.4 | 1.6 | 1.3 | 11.9 |

**TAA**

| | Quarter | 1 yr. | 3 yr. | 5 yr. | 10 yr. |
|---|---|---|---|---|---|
| Highest return | 3.7 | 20.4 | 16.9 | 14.0 | 20.3 |
| First quartile | 2.7 | 15.3 | 12.9 | 11.7 | 18.8 |
| Median | 1.8 | 13.8 | 12.2 | 10.6 | 16.6 |
| Third quartile | 0.5 | 12.4 | 11.0 | 9.4 | 15.0 |
| Lowest return | -3.2 | 2.7 | 6.9 | 5.0 | 11.9 |

KIMBERLY MART

### PIPER managed fixed-income accounts

Periods ended June 30

**Overall**

| | Quarter | 1 yr. | 3 yr. | 5 yr. | 10 yr. |
|---|---|---|---|---|---|
| Highest return | 8.9 | 26.5 | 19.5 | 18.4 | 18.4 |
| First quartile | 4.5 | 15.8 | 11.4 | 11.0 | 14.3 |
| Median | 4.1 | 14.5 | 10.8 | 10.5 | 13.6 |
| Third quartile | 3.5 | 13.0 | 10.2 | 10.0 | 12.6 |
| Lowest return | -2.5 | 3.6 | 7.0 | 6.5 | 9.3 |
| Salomon Broad | 4.1 | 14.2 | 10.9 | 10.6 | 13.6 |

**Limited duration**

| | Quarter | 1 yr. | 3 yr. | 5 yr. | 10 yr. |
|---|---|---|---|---|---|
| Highest return | 4.5 | 14.9 | 11.2 | 10.2 | 13.1 |
| First quartile | 3.4 | 12.0 | 10.6 | 10.0 | 12.2 |
| Median | 3.2 | 11.3 | 10.1 | 9.8 | 11.8 |
| Third quartile | 2.8 | 10.1 | 9.3 | 9.2 | 11.0 |
| Lowest return | 1.1 | 5.9 | 7.3 | 7.8 | 9.4 |

**Intermediate duration**

| | Quarter | 1 yr. | 3 yr. | 5 yr. | 10 yr. |
|---|---|---|---|---|---|
| Highest return | 4.8 | 17.4 | 12.5 | 12.7 | 13.1 |
| First quartile | 4.2 | 14.3 | 11.1 | 10.6 | 13.6 |
| Median | 3.8 | 13.2 | 10.5 | 10.1 | 12.7 |
| Third quartile | 3.4 | 12.0 | 10.1 | 9.5 | 12.1 |
| Lowest return | 1.7 | 5.5 | 7.0 | 6.5 | 9.4 |

**Broad market**

| | Quarter | 1 yr. | 3 yr. | 5 yr. | 10 yr. |
|---|---|---|---|---|---|
| Highest return | 8.9 | 26.5 | 19.5 | 15.2 | 18.4 |
| First quartile | 4.6 | 16.1 | 11.6 | 11.1 | 14.3 |
| Median | 4.3 | 15.0 | 11.1 | 10.7 | 13.7 |
| Third quartile | 3.9 | 14.2 | 10.5 | 10.2 | 13.1 |
| Lowest return | -2.5 | 3.6 | 7.6 | 7.1 | 9.3 |

**Long duration**

| | Quarter | 1 yr. | 3 yr. | 5 yr. | 10 yr. |
|---|---|---|---|---|---|
| Highest return | 6.1 | 20.7 | 15.5 | 18.4 | 16.8 |
| First quartile | 4.6 | 17.1 | 11.6 | 11.7 | 15.0 |
| Median | 4.3 | 16.0 | 10.8 | 10.8 | 14.4 |
| Third quartile | 3.9 | 14.6 | 10.3 | 10.3 | 14.1 |
| Lowest return | 1.7 | 11.0 | 7.4 | 9.2 | 11.6 |

KIMBERLY MART

### PIPER fixed-income accounts

Periods ended June 30

**International**

| | Quarter | 1 yr. | 3 yr. | 5 yr. | 10 yr. |
|---|---|---|---|---|---|
| Highest return | 11.5 | 33.3 | 20.6 | 15.7 | 17.4 |
| First quartile | 9.3 | 28.5 | 16.8 | 14.4 | 17.4 |
| Median | 8.4 | 26.5 | 15.4 | 12.0 | 17.1 |
| Third quartile | 6.6 | 18.6 | 14.6 | 11.2 | 15.4 |
| Lowest return | -1.0 | 8.0 | 13.2 | 10.8 | 15.3 |
| Salomon World Gov't | 9.4 | 27.3 | 14.5 | 10.5 | na |

**Global**

| | Quarter | 1 yr. | 3 yr. | 5 yr. | 10 yr. |
|---|---|---|---|---|---|
| Highest return | 8.4 | 23.7 | 17.7 | 16.1 | 18.9 |
| First quartile | 6.8 | 21.5 | 15.6 | 12.9 | 18.4 |
| Median | 6.0 | 19.5 | 13.5 | 11.8 | 15.7 |
| Third quartile | 5.0 | 17.3 | 11.2 | 10.7 | 14.7 |
| Lowest return | 1.2 | 8.0 | 9.0 | 10.1 | 14.5 |
| Salomon World | 7.1 | 21.8 | 12.5 | 10.7 | 14.8 |

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# Few rush to tackle timber's winnings

## Despite high returns, little is coming in

**By Steve Hemmerick**

Timberland funds continue to score the best commingled real estate returns, but institutional investors who ordinarily seek out high return investments are not racing to put money into timber.

The $1 billion separate account timber fund run by Hancock Timber Resource Group, scored the highest total return — 21.3% — among 25 open-end funds for the year ended March 31, according to the Pensions & Investments Performance Evaluation Report. Hancock's $15 million Forestree I fund scored the highest total return — 17.43% — among 63 closed-end funds for the same period.

Forest Investment Associates' $85 million separate account timber fund scored the third best total return — 12.24% — for closed-end funds for the one-year period.

The timber performance returns look even better when compared to median returns for real estate. During the same one-year period, the median return was −4.2% for open-end funds and −7.7% for closed-end funds.

Despite the high numbers, "you are not seeing billions of dollars (from pension funds) plowing into timber," said Paul Saint-Pierre, a senior consulting manager with Kenneth Leventhal & Co., Los Angeles.

Mr. Saint-Pierre co-authored the book, "Timberland: An Industry, Investment & Business Overview" in 1991.

At the time of the book's publication, Mr. Saint-Pierre estimated tax-exempt investors had invested a little more than $1 billion in timberland, equal to about 1% of the assets tax-exempt investors have invested in equity real estate.

He said one possible reason pension funds don't put more money into timberland is because timber derives its investment performance differently from most real estate, and many pension funds are unfamiliar with timber as an investment.

Most properties rent space, whereas timber is a commodity that earns income on the demand for wood products.

In other PIPER real estate results, the Agricultural Fund of Equitable Agri-Business Inc., Atlanta, scored the second-best performance among closed-end funds — 15.97% — for the year ended March 31.

The fund invests in corn in the Midwest, citrus in California, and cotton and rice in the Mississippi Delta. Joyce Niggley, portfolio manager, said the fund is expected to be about $25 million to $50 million when it has its final closing.

Equitable Real Estate Investment Management's EQK III had the fourth best total return — 10.6% — among closed-end funds for the one-year period. The $302 million fund is invested primarily in regional malls.

Fifth was INVESCO Realty Advisors' Institutional Mortgage Fund II, with 7.4%. The $28 million fund is a diversified property fund.

Among open-end funds, the $12 million personal trust real estate fund of Star Banks, Cincinnati, was second, returning 15.6%, while Star Bank's $5.4 million Employee Benefit fund was third, returning 15.3%.

Union Labor Life Insurance Co.'s $462 million MSA-J fund returned 8.2%, and Prudential Real Estate Group's $150 million Union Mortgage Account scored 8.1%. Both are mortgage funds.

PIPER data are compiled by Rogers, Casey & Associates Inc., Darien, Conn. ■

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**(215) 251-5983.**

*an acronym for Quantitative Evaluation and Selection Techniques

**Valley Forge, Pennsylvania**

**Meridian** Investment Company

# Top PIPER managed equity funds

## Growth

### 3-month returns

| | % |
|---|---|
| Wilke/Thompson (Sm. cap.) | 4.6 |
| Acorn Asset | 4.0 |
| Lehman Ark (Garp eq. & cash) | 3.5 |
| Reich & Tang | 2.6 |
| T. Rowe Price (Cap. apprec.) | 2.2 |
| **S&P 500** | **1.9** |
| IDS Advisory (Research) | 1.6 |
| Fayez Sarofim | 1.5 |
| One Federal Asset (Gro. & inc.) | 1.5 |
| Securities Res. (Kemper Sum.) | 1.2 |
| Putnam Cos. | 1.1 |
| **Russell 2000** | **– 6.8** |

### 1-year returns

| | % |
|---|---|
| Oak Associates | 38.9 |
| Cohen, Davis & Marks (U.S.) | 32.9 |
| Wilke/Thompson (Sm. cap.) | 32.4 |
| Amerindo U.S. (Emerg. tech.) | 32.4 |
| Mt. Auburn Mgmt. | 30.6 |
| Suffolk Capital (Valuation) | 29.6 |
| Duncan/Hurst (Sm. cap.) | 29.0 |
| Westfield Capital (Emerg.) | 26.3 |
| Target Investors (Sm. cap. em.) | 25.3 |
| Peregrine Capital (Sm. cap.) | 24.5 |
| **Russell 2000** | **14.5** |
| **S&P 500** | **13.4** |

### 5-year returns

| | % |
|---|---|
| Mt. Auburn Mgmt. | 25.8 |
| Cohen, Davis & Marks (U.S.) | 22.5 |
| Montgomery Asset (Sm. cap.) | 22.3 |
| Chancellor (Sm. cap.) | 21.1 |
| John McStay Invst. (Sm. cap.) | 20.0 |
| Dawson Samberg (Pequot) | 18.9 |
| Duncan/Hurst (Sm. cap.) | 18.2 |
| Robertson, Stephens (Sm. co.) | 18.1 |
| Securities Res. (Kemper Sum.) | 17.9 |
| Strong/Corneliuson (Sm. cap.) | 17.4 |
| **S&P 500** | **9.7** |
| **Russell 2000** | **4.8** |

### 10-year returns

| | % |
|---|---|
| Pacific Century (Sm. cap.) | 29.9 |
| Amerindo U.S. (Emerg. tech.) | 27.4 |
| Fidelity Mgmt. (Agg.) | 25.1 |
| Nicholas-Applegate (Emerg.) | 25.0 |
| Severn Associates | 24.8 |
| Chancellor (Sm. cap.) | 24.3 |
| Srong/Corneliuson (Sm. cap.) | 23.9 |
| Capital Growth | 23.2 |
| Lehman Ark (Specialty) | 22.3 |
| Janus Capital (Earnings) | 22.0 |
| **S&P 500** | **18.5** |
| **Russell 2000** | **13.7** |

## Value

### 3-month returns

| | % |
|---|---|
| The Mitchell Group (Energy) | 10.8 |
| Cowen Asset (Inc. and gro.) | 8.0 |
| Donald Smith | 7.5 |
| John Stewart Darrell | 6.9 |
| T. Rowe Price (Basic value) | 6.2 |
| Newbold's Asset (Value based) | 5.0 |
| Wilshire Asset (Large co.) | 4.9 |
| Newell Assoc. (Relative yield) | 4.8 |
| Tukman Capital | 4.7 |
| Spare Tengler Kaplan Bischel (Inc.) | 4.6 |
| **S&P 500** | **1.9** |
| **Russell 2000** | **– 6.8** |

### 1-year returns

| | % |
|---|---|
| John Stewart Darrell | 44.0 |
| Dreman Value (Sm. cap./low p/e) | 31.1 |
| MacKay-Shields | 30.9 |
| Heartland Advisors (Sm. cap.) | 29.1 |
| Wilshire Asset (Sm. co.) | 28.1 |
| Mesirow Asset (Sm. cap.) | 27.9 |
| David L. Babson (Sm. cap.) | 27.0 |
| Anderson Capital (Inc.) | 25.3 |
| Delafield Asset | 25.1 |
| Donald Smith | 24.8 |
| **Russell 2000** | **14.5** |
| **S&P 500** | **13.4** |

### 5-year returns

| | % |
|---|---|
| Chilmark Capital | 33.7 |
| Goodwin Capital (GCM 50) | 19.5 |
| Brinson Partners (Post venture) | 17.4 |
| Tukman Capital | 16.6 |
| Brinson Partners (U.S.) | 15.7 |
| Alex. Brown Invst. | 14.7 |
| State Street Asset (Matrix) | 14.7 |
| Systematic Financial (Cash flow) | 14.4 |
| Mesirow Asset (Sm. cap.) | 14.2 |
| UBS Asset-N.Y. (Sm. cap.) | 14.1 |
| **S&P 500** | **9.7** |
| **Russell 2000** | **4.8** |

### 10-year returns

| | % |
|---|---|
| Cadence Capital (Lg. cap.) | 24.3 |
| Beacon Invst. | 22.9 |
| Neuberger and Berman | 22.8 |
| Wilshire Asset (Sm. co.) | 22.6 |
| Oxford Capital | 22.5 |
| Radnor Capital (Act. low p/e) | 22.1 |
| Mitchell Hutchins (Core) | 22.1 |
| Fox Asset | 22.1 |
| Dietche & Field (Core) | 22.1 |
| UBS Asset-N.Y. (Sm. cap.) | 22.0 |
| **S&P 500** | **18.5** |
| **Russell 2000** | **13.7** |

## Other equity

### 3-month returns

| | % |
|---|---|
| Frontier Capital (Energy) | 12.3 |
| Feshbach Brothers (Southgate) | 8.1 |
| W.H. Reaves (Utility/energy) | 8.1 |
| Heine Securities (Mutual qualified) | 4.9 |
| Heine Securities (Mutual Beacon) | 4.9 |
| Heine Securities (Mutual shares) | 4.7 |
| Pension Portfolio (Inc.) | 4.3 |
| T. Rowe Price (Inc.) | 4.2 |
| Hotchkis and Wiley | 3.9 |
| Cullinan Assoc. (Inc.) | 3.9 |
| **S&P 500** | **1.9** |
| **Russell 2000** | **– 6.8** |

### 1-year returns

| | % |
|---|---|
| Ardsley Partners (II) | 28.6 |
| Ardsley Partners (I) | 26.7 |
| Scudder Stevens & Clark (Value) | 26.7 |
| First Quadrant | 22.8 |
| Hotchkis and Wiley | 20.7 |
| Nicholas-Applegate (Convertible) | 20.3 |
| Fiduciary Trust (Domestic growth) | 20.3 |
| Meridian | 19.7 |
| Investment Advisers (Sm. cap.) | 19.1 |
| Cramer Rosenthal McGlynn (Sp.) | 19.0 |
| **Russell 2000** | **14.5** |
| **S&P 500** | **13.4** |

### 5-year returns

| | % |
|---|---|
| Ardsley Partners (I) | 35.1 |
| Feshbach Brothers (Southgate) | 24.9 |
| Dietche & Field (Opp.) | 19.8 |
| Westwood (En. index-QAM) | 16.8 |
| Nicholas-Applegate (Hedge) | 16.5 |
| Investment Advisers (Sm. cap.) | 15.8 |
| Nicholas-Applegate (Convertible) | 15.1 |
| GW Capital (Sector rotation) | 14.5 |
| Goodwin Capital (Standard) | 13.9 |
| Pension Mgmt. | 13.9 |
| **S&P 500** | **9.7** |
| **Russell 2000** | **4.8** |

### 10-year returns

| | % |
|---|---|
| Westwood (En. index-QAM) | 25.2 |
| Goodwin Capital (Standard) | 24.0 |
| Husic Capital | 23.4 |
| Investment Advisers (Sm. cap.) | 22.2 |
| Balch Hardy Scheinman (Wealth) | 22.1 |
| Cramer Rosenthal McGlynn (Sp.) | 21.4 |
| Caldwell & Orkin (Multifactor) | 21.1 |
| Argus Investors' (Diversified) | 21.1 |
| Pension Mgmt. | 20.9 |
| Leylegian Invst. | 20.5 |
| **S&P 500** | **18.5** |
| **Russell 2000** | **113.7** |

# Top PIPER managed fixed-income funds

## Limited duration

### 3-month returns

| | % |
|---|---|
| Richmond Capital (Short/inter.) | 4.5 |
| Winrich Capital | 4.4 |

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| | |
|---|---|
| Standish Ayer Wood (Control risk) | 4.4 |
| Union Capital | 4.4 |
| **Salomon Broad** | **4.1** |
| Fiduciary Mgmt. of Milwaukee | 3.9 |
| Chandler Liquid (Short) | 3.5 |
| Putnam Cos. (Low vol.) | 3.5 |
| RCM Capital (Short) | 3.5 |
| Miller, Anderson Sherrerd | 3.4 |
| Charles River (Enhanced cash) | 3.4 |

### 1-year returns

| | % |
|---|---|
| Winrich Capital | 14.9 |
| Union Capital | 14.2 |
| Richmond Capital (Short/inter.) | 13.9 |
| **Salomon Broad** | **14.2** |
| Standish Ayer Wood (Control risk) | 13.2 |
| Weiss, Peck & Greer (Short) | 13.0 |
| Income Res. (Enhanced cash) | 12.9 |
| Western Asset | 12.4 |
| Fiduciary Mgmt. of Milwaukee | 12.1 |
| Independence One (Prima III) | 12.0 |
| Pacific Invst. (Low dur.) | 11.8 |

### 5-year returns

| | % |
|---|---|
| **Salomon Broad** | **10.6** |
| Standish Ayer Wood (Control risk) | 10.2 |
| Richmond Capital (Short/inter.) | 10.2 |
| Pacific Invst. (Low dur.) | 10.2 |
| Western Asset | 10.1 |
| Weiss, Peck & Greer (Short) | 10.0 |
| Winrich Capital | 10.0 |
| Fiduciary Mgmt. of Milwaukee | 10.0 |
| Union Capital | 10.0 |
| Putnam Cos. (Low vol.) | 9.9 |
| Charles River (Enhanced cash) | 9.9 |

### 10-year returns

| | % |
|---|---|
| **Salomon Broad** | **13.6** |
| Union Capital | 13.1 |
| Winrich Capital | 12.7 |
| Pacific Invst. (Low dur.) | 12.2 |
| Fiduciary Mgmt. of Milwaukee | 12.1 |
| Weiss, Peck & Greer (Short) | 11.8 |

## Intermediate duration

### 3-month returns

| | % |
|---|---|
| Independence One (Prima V) | 4.8 |
| Kemper Asset (Plus) | 4.8 |
| Eaton Vance (Core) | 4.7 |
| Fox Asset | 4.7 |
| Denver Invst. | 4.5 |
| CIGNA Asset | 4.4 |
| Standish Ayer Wood (Mod. act.) | 4.4 |
| JCW Invst. (Value) | 4.3 |
| INVESCO MIM (Active) | 4.3 |
| Boatmen's Trust | 4.3 |
| **Salomon Broad** | **4.1** |

### 1-year returns

| | % |
|---|---|
| Glickenhaus | 17.4 |
| Kemper Asset (Plus) | 17.0 |
| Eaton Vance (Core) | 16.6 |
| Fox Asset | 15.8 |
| Independence One (Prima X) | 15.7 |
| Pacific Invst. (Mtg.) | 15.2 |
| Denver Invst. | 15.1 |
| Scudder Stevens Clark (Ltd. vol.) | 14.8 |
| Boatmen's Trust | 14.6 |
| CIGNA Asset | 14.4 |
| **Salomon Broad** | **14.2** |

### 5-year returns

| | % |
|---|---|
| Fox Asset | 12.7 |
| Pacific Invst. (Mtg.) | 11.9 |
| U.S. Trust of California | 11.7 |
| Kemper Asset (Plus) | 11.1 |
| Glickenhaus | 10.9 |
| Boston Co. | 10.8 |
| Wagstaff, Lodefink | 10.7 |
| CIGNA Asset | 10.6 |
| Standish Ayer Wood (Mod. act.) | 10.6 |
| STW Fixed Income (Short) | 10.6 |
| **Salomon Broad** | **10.6** |

### 10-year returns

| | % |
|---|---|
| **Salomon Broad** | **13.6** |
| Union Capital | 13.1 |
| Winrich Capital | 12.7 |
| Pacific Invst. (Low dur.) | 12.2 |
| Fiduciary Mgmt. of Milwaukee | 12.1 |
| Weiss, Peck & Greer (Short) | 11.8 |

## Broad market

### 3-month returns

| | % |
|---|---|
| Dewey Square (Mtg.) | 8.9 |
| Fidelity Mgmt. (Dynamic mat.) | 6.6 |
| McCullough Andrews (Def.) | 6.1 |
| Loomis, Sayles-Pasadena | 5.9 |
| IDC Portfolio (GNMA trip.) | 5.2 |
| Trust Co./West (Mtg. backed) | 5.1 |
| Bear Stearns Asset (Core active) | 5.1 |
| Putnam Cos. (Horizon) | 4.9 |
| Mitchell Hutchins (Active) | 4.9 |
| Thompson, Siegel Walmsley (Core) | 4.9 |
| **Salomon Broad** | **4.1** |

### 1-year returns

| | % |
|---|---|
| Bell Capital (Mgd.) | 26.5 |
| Dewey Square (Mtg.) | 24.8 |
| Trust Co./West (Mtg. backed) | 23.7 |
| Loomis, Sayles | 19.6 |
| BlackRock Financial (Mtg.) | 19.1 |
| Loomis, Sayles-Pasadena | 19.0 |
| GW Capital (Sector rotation) | 18.7 |
| Lotsoff Capital (Active) | 18.2 |
| Loomis, Sayles (Invst. grade) | 17.8 |
| Redstone Advisors (Active dur.) | 17.7 |
| **Salomon Broad** | **14.2** |

### 5-year returns

| | % |
|---|---|
| Bell Capital (Mgd.) | 15.2 |
| Trust Co./West (Mtg. backed) | 15.1 |
| GW Capital (Sector rotation) | 13.0 |
| Strong/Corneliuson | 12.9 |
| Morgan Grenfell | 12.5 |
| Mass. Financial (Act.) | 12.3 |
| Durkee Capital (Reactive) | 12.0 |
| Jamison, Eaton Wood (Act. dur.) | 12.0 |
| Hoisington Invst. | 11.9 |
| Loomis, Sayles-Pasadena | 11.9 |
| **Salomon Broad** | **10.6** |

### 10-year returns

| | % |
|---|---|
| Bell Capital (Mgd.) | 18.4 |
| Morgan Grenfell | 16.1 |
| Miller Anderson Sherrerd (Mtg.) | 16.0 |
| Loomis, Sayles | 15.6 |
| Patterson Capital | 15.6 |
| Meridian Invst. | 15.5 |
| Standish Ayer Wood (Act. core) | 15.3 |
| Mass. Financial (Act.) | 15.1 |
| Jamison Eaton Wood (Act. dur.) | 15.1 |
| Pacific Invst. (Total return) | 15.0 |
| **Salomon Broad** | **13.6** |

## Long duration

### 3-month returns

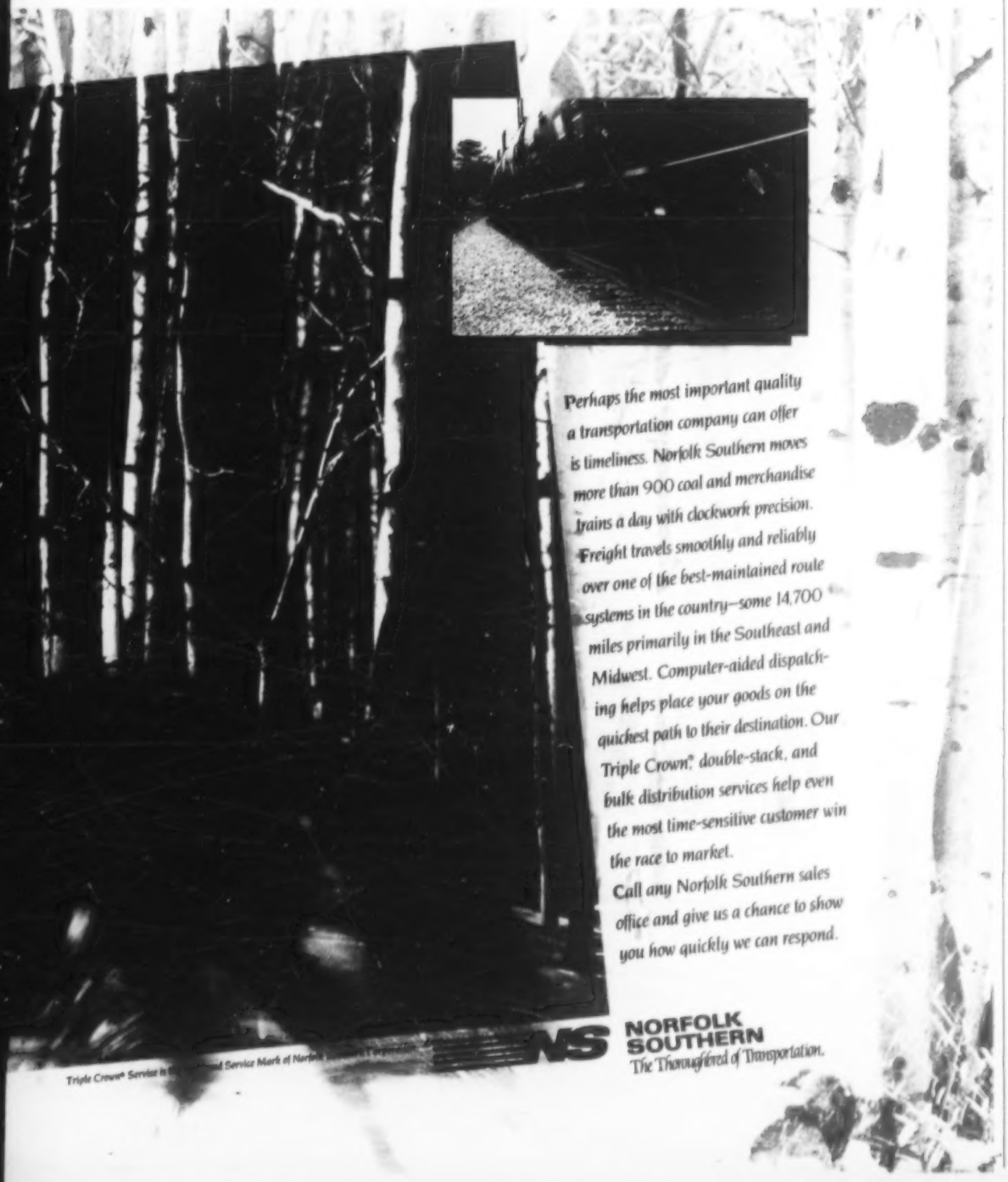
| | % |
|---|---|
| Investment Advisors (Act. dur.) | 6.1 |
| Boatmen's Trust (Var. mat.) | 5.4 |
| Western Asset | 5.3 |
| Putnam Cos. | 5.1 |
| STW Fixed Income | 5.1 |
| Denver Invst. | 5.0 |
| Miller Anderson Sherrerd | 4.9 |
| Bradford & Marzec | 4.8 |
| IDS Advisory | 4.7 |
| Axe-Houghton | 4.7 |
| **Salomon Broad** | **4.1** |

### 1-year returns

| | % |
|---|---|
| Investment Advisors (Act. dur.) | 20.7 |
| Western Asset | 20.4 |
| Boatmen's Trust (Var. mat.) | 20.0 |
| Income Research | 18.8 |
| Bradford & Marzec | 18.4 |
| Miller Anderson & Sherrerd | 18.2 |
| STW Fixed Income | 17.8 |
| Denver Invst. | 17.5 |
| Criterion Invst. | 17.3 |
| Bradford & Marzec | 17.2 |
| **Salomon Broad** | **14.2** |

### 5-year returns

| | % |
|---|---|
| Lara Luchsinger & Dietze (Treas.) | 18.4 |
| Seaboard Invst. | 17.2 |
| Criterion Invst. | 12.5 |
| STW Fixed Income | 12.1 |
| Bear Stearns (Mtg. backed) | 12.0 |
| McKee Invst. (Substitute) | 12.0 |
| McCowan Associates | 11.8 |
| Boatmen's Trust (Var. mat.) | 11.7 |
| Jamison Eaton Wood (Core) | 11.7 |
| Crawford Invst. | 11.7 |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| | |
|---|---|
| **Salomon Broad** | **10.6** |

### 10-year returns

| | % |
|---|---|
| STW Fixed Income | 16.8 |
| Miller Anderson Sherrerd | 15.5 |
| Denver Invst. | 15.3 |
| Boatmen's Trust (Var. mat.) | 15.3 |
| Crawford Invst. | 15.2 |
| Axe-Houghton | 14.9 |
| Jamison Eaton Wood (Core) | 14.6 |
| McCowan Associates | 14.6 |
| Putnam Cos. | 14.5 |
| Consistent Asset | 14.4 |
| **Salomon Broad** | **13.6** |

### Other fixed-income 3-month returns

| | % |
|---|---|
| WR Lazard (Structured) | 4.3 |
| Mellon Capital (Index) | 4.1 |
| Mitchell Hutchins (Lehman index) | 4.1 |
| Mellon Bond (Index) | 4.1 |
| Lincoln Capital (Enhanced) | 4.1 |
| **Salomon Broad** | **4.1** |

### 1-year returns

| | % |
|---|---|
| Mitchell Hutchins (Lehman index) | 14.5 |
| Mellon Capital (Index) | 14.4 |
| Darien Capital (Overlay) | 14.4 |
| Lincoln Capital (Enhanced) | 14.3 |
| WR Lazard (Structured) | 14.2 |
| **Salomon Broad** | **14.2** |

### 5-year returns

| | % |
|---|---|
| **Salomon Broad** | **10.6** |
| WR Lazard (Structured) | 10.5 |
| PanAgora Asset (Index) | 10.5 |
| Mellon Bond (Index) | 10.4 |

### 10-year returns

| | % |
|---|---|
| **Salomon Broad** | **13.6** |
| T. Rowe Price (Multi media) | 10.5 |

## Top PIPER equity accounts

### International 3-month returns

| | % |
|---|---|
| Bank of Ireland | 15.3 |
| First NH-Bank of Ireland | 14.2 |
| Associated Bank (P/PS world) | 12.1 |
| Babson-Stewart Ivory | 10.4 |
| CL Capital | 10.4 |
| Lincoln Nat'l (S.A.) | 10.1 |
| Morgan Stanley Asset | 9.7 |
| Baring Int'l (EAFE) | 9.7 |
| Grantham Mayo Van Otterloo (C) | 8.8 |
| Freedom Capital | 8.4 |
| **MSCI EAFE** | **2.2** |
| **FTA Europe & Pacific** | **1.7** |

### 1-year returns

| | % |
|---|---|
| Marvin & Palmer (Emerg. mkts.) | 43.9 |
| Bank of Ireland | 34.7 |
| First NH-Bank of Ireland | 30.9 |
| Ladas & Hulings (Value) | 27.6 |
| Associated Bank (P/PS world) | 23.8 |
| Waddell & Reed (Growth) | 23.0 |
| Freedom Capital | 22.9 |
| BEA Associates | 21.4 |
| CL Capital | 20.9 |
| The Principal | 20.7 |
| **MSCI EAFE** | **–0.3** |
| **FTA Europe & Pacific** | **–1.8** |

### 5-year returns

| | % |
|---|---|
| BEA Associates | 18.0 |
| Ladas & Hulings (Value) | 15.0 |
| CL Capital | 13.0 |
| Boston Overseas (EAFE) | 12.5 |
| Templeton Invst. | 12.3 |
| Morgan Stanley Asset | 12.1 |
| Bank of Ireland | 11.6 |
| Fidelity Mgmt. (Overseas) | 11.3 |
| Freedom Capital | 11.3 |
| Boston Int'l (Prime value) | 10.8 |
| **MSCI EAFE** | **0.9** |
| **FTA Europe & Pacific** | **0.6** |

### 10-year returns

| | % |
|---|---|
| BEA Associates | 27.1 |
| Templeton Invst. | 25.6 |
| Grantham Mayo Van Otterloo (A) | 24.2 |
| Scudder Stevens Clark | 24.0 |
| Gulfstream Global | 21.3 |
| Brinson Partners | 21.3 |
| WorldInvest | 21.2 |
| Rowe Price-Fleming | 21.0 |
| Baring Int'l (EAFE) | 20.9 |
| Putnam Cos. | 20.9 |
| **MSCI EAFE** | **19.0** |
| **FTA Europe & Pacific** | **18.9** |

### Global 3-month returns

| | % |
|---|---|
| Fiduciary Trust | 15.7 |
| Edinburgh-Wilmington | 8.8 |
| Bank of Ireland | 8.2 |
| Babson-Stewart Ivory | 7.5 |
| Freedom Capital | 6.9 |
| RCB Int'l (World opp.) | 6.2 |
| Warburg Invst. (SL3) | 6.0 |
| Bee & Associates | 5.3 |
| Putnam Cos. | 5.0 |
| Templeton Invst. | 5.0 |
| **MSCI World** | **1.9** |
| **FTA World** | **1.4** |

### 1-year returns

| | % |
|---|---|
| Bee & Associates | 37.0 |
| Fiduciary Trust | 26.0 |
| Freedom Capital | 21.3 |
| Bank of Ireland | 20.5 |
| Martin Currie | 20.2 |
| Marvin & Palmer | 18.9 |
| Templeton Invst. | 18.6 |
| Capital Guardian (New pers.) | 18.4 |
| WorldInvest | 16.7 |
| Edinburgh-Wilmington | 14.5 |
| **MSCI World** | **4.8** |
| **FTA World** | **4.2** |

### 5-year returns

| | % |
|---|---|
| Martin Currie | 14.1 |
| Brinson Partners | 11.4 |
| Bank of Ireland | 10.8 |
| Marvin & Palmer | 10.6 |
| Fiduciary Trust | 10.6 |
| Capital Guardian (New pers.) | 9.4 |
| Warburg Invst. (SL3) | 9.3 |
| AIG Global Investors | 9.3 |
| Scudder Stevens Clark | 9.2 |
| Morgan Stanley Asset | 8.9 |
| **MSCI World** | **4.0** |
| **FTA World** | **3.9** |

### 10-year returns

| | % |
|---|---|
| WorldInvest | 23.4 |
| Brinson Partners | 21.1 |
| Putnam Cos. | 21.1 |
| Martin Currie | 20.9 |
| Templeton Invst. | 20.6 |
| **MSCI World** | **18.0** |
| **FTA World** | **16.8** |

### Other global and international 3-month returns

| | % |
|---|---|
| Edinburgh-Wilmington (U.K.) | 19.0 |
| Daiwa Int'l (Pac. ex-Japan) | 17.2 |
| Ivory & Sime (Pac. ex-Japan) | 16.4 |
| Edinburgh-Wilmingon (Gro./inc.) | 15.7 |
| Prudential Asia (Southeast Asia) | 13.2 |
| Newport Pacific (Tiger) | 12.9 |
| Warburg Invst. (European) | 12.1 |
| Edinburgh-Wilmington (Ex-Japan) | 11.5 |
| G.T. Capital (Pac. ex-Japan) | 11.2 |
| Lombard Odier (European) | 10.9 |

### 1-year returns

| | % |
|---|---|
| Templeton Invst. (Emerg. mkts.) | 54.5 |
| Edinburgh-Wilmington (U.K.) | 50.0 |
| Trust Co./West (Latin American) | 44.2 |
| G.T. Capital (Emerg. mkts.) | 35.7 |
| Lombard Odier (European) | 33.5 |
| G.T. Capital (Pac. ex-Japan) | 30.3 |
| Prudential Asia (Southeast Asia) | 27.1 |
| Fidelity Mgmt. (European) | 26.5 |
| Daiwa Int'l (Pac. ex-Japan) | 26.4 |
| Pictet Int'l (Europe) | 26.2 |

### 5-year returns

| | % |
|---|---|
| Templeton Invst. (Emerg. mkts.) | 26.5 |
| Morgan Grenfell (Sm. cap. Japan) | 25.7 |
| G.T. Capital (Pac. ex-Japan) | 15.8 |
| Trust Co./West (Latin America) | 13.8 |
| J.P. Morgan (European) | 13.1 |
| Fidelity Mgmt. (European) | 12.9 |
| Scudder Stevens (New Asia) | 12.9 |
| G.T. Capital (Japan) | 12.3 |
| Baillie Gifford (European) | 12.1 |
| Ivory & Sime (Pac. ex-Japan) | 12.0 |

### 10-year returns

| | % |
|---|---|
| HD Int'l (Europe) | 23.8 |
| Wells Fargo Nikko (Japan) | 22.8 |
| Trust Co./West (Latin America) | 21.7 |
| Baring Int'l (Pacific Basin) | 20.1 |

The global custody and master trust directory will be published Oct. 12.

## Top PIPER fixed-income accounts

### International 3-month returns

| | % |
|---|---|
| Delaware Int'l | 11.5 |
| Baring Int'l | 10.7 |
| Global Fixed Income | 9.9 |
| **Salomon World Gov't** | **9.4** |
| Wells Fargo Nikko | 9.3 |
| Warburg Invst. | 9.3 |
| Julius Baer Invst. (Non $) | 8.9 |
| J.P. Morgan Invst. | 8.7 |
| Fiduciary Trust | 8.6 |

### 1-year returns

| | % |
|---|---|
| Delaware Int'l | 33.3 |
| Global Fixed Income | 29.8 |
| Baring Int'l | 29.1 |
| Julius Baer Invst. (Non $) | 28.5 |
| WorldInvest (Non $) | 28.5 |
| Rogge Global Partners | 28.4 |
| Warburg Invst. | 28.1 |
| **Salomon World Gov't** | **27.3** |
| Wells Fargo Nikko | 26.8 |

### 5-year returns

| | % |
|---|---|
| Putnam Cos. | 15.7 |
| Baring Int'l | 15.2 |
| Fiduciary Trust | 14.2 |
| WorldInvest (Non $) | 13.4 |
| Brinson Partners | 13.1 |
| Julius Baer (Non $) | 11.6 |
| **Salomon World Gov't** | **10.5** |

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### 10-year returns

| | % |
|---|---|
| Fiduciary Trust | 17.4 |
| WorldInvest (Non $) | 17.3 |
| Brinson Partners | 17.1 |

### Global 3-month returns

| | % |
|---|---|
| Julius Baer Invst. | 8.4 |
| Kleinwort Benson Int'l | 7.5 |
| Van Eck Associates | 7.4 |
| James Capel Fund | 7.2 |
| **Salomon World** | **7.1** |
| Baring Int'l (1) | 7.0 |
| Global Fixed Income | 6.9 |
| Warburg Invst. | 6.7 |
| Mass. Financial | 6.6 |
| Mass. Financial | 6.3 |
| Fiduciary Trust | 6.2 |

### 1-year returns

| | % |
|---|---|
| Julius Baer Invst. | 23.7 |
| Van Eck Associates | 23.1 |
| Global Fixed Income | 23.0 |
| Mass. Financial | 22.6 |
| Rogge Global Partners | 22.6 |
| Mass. Financial | 22.4 |
| **Salomon World** | **21.8** |
| Warburg Invst. | 21.2 |
| Brinson Partners | 20.7 |
| G.T. Capital | 20.4 |
| James Capel Fund | 20.4 |

### 5-year returns

| | % |
|---|---|
| Putnam Cos. | 16.1 |
| Global Fixed Income | 15.0 |
| Van Eck Associates | 14.2 |
| Baring Int'l (1) | 13.2 |
| Fiduciary Trust | 12.1 |
| WorldInvest | 12.1 |

## PIPER commingled equity funds

Periods ended June 30

**Overall**

| | Quarter | 1 yr. | 3 yr. | 5 yr. | 10 yr. |
|---|---|---|---|---|---|
| Highest return | 8.1 | 38.2 | 37.6 | 24.1 | 25.9 |
| First quartile | 1.0 | 15.3 | 13.7 | 10.8 | 18.4 |
| Median | -1.0 | 12.7 | 11.9 | 9.5 | 16.6 |
| Third quartile | -3.3 | 10.3 | 9.7 | 8.2 | 15.4 |
| Lowest return | -18.4 | -3.1 | -3.0 | -2.2 | 11.0 |
| S&P 500 | 1.9 | 13.4 | 12.4 | 9.7 | 18.5 |
| Russell 2000 | -6.8 | 14.5 | 6.1 | 4.8 | 13.7 |

**Growth**

| | Quarter | 1 yr. | 3 yr. | 5 yr. | 10 yr. |
|---|---|---|---|---|---|
| Highest return | 2.3 | 38.2 | 37.6 | 20.4 | 25.9 |
| First quartile | -0.8 | 17.2 | 15.4 | 11.4 | 18.1 |
| Median | -2.4 | 12.1 | 13.1 | 9.5 | 16.5 |
| Third quartile | -6.7 | 9.7 | 11.1 | 8.1 | 15.5 |
| Lowest return | -18.4 | -3.1 | 1.7 | -2.2 | 11.0 |

**Value**

| | Quarter | 1 yr. | 3 yr. | 5 yr. | 10 yr. |
|---|---|---|---|---|---|
| Highest return | 6.5 | 26.6 | 17.8 | 16.4 | 21.2 |
| First quartile | 1.8 | 14.3 | 12.7 | 10.6 | 18.3 |
| Median | -0.1 | 12.5 | 10.8 | 9.2 | 16.8 |
| Third quartile | -1.9 | 10.3 | 8.9 | 7.8 | 15.5 |
| Lowest return | -10.1 | -2.4 | -3.0 | 0.4 | 11.5 |

KIMBERLY MART

## PIPER commingled fixed-income funds

Periods ended June 30

**Overall**

| | Quarter | 1 yr. | 3 yr. | 5 yr. | 10 yr. |
|---|---|---|---|---|---|
| Highest return | 6.2 | 21.9 | 12.5 | 12.5 | 16.7 |
| First quartile | 4.3 | 14.9 | 10.9 | 10.6 | 13.6 |
| Median | 3.9 | 13.8 | 10.5 | 10.0 | 12.6 |
| Third quartile | 3.5 | 12.2 | 10.0 | 9.5 | 11.8 |
| Lowest return | 0.2 | 4.7 | 5.9 | 6.3 | 9.5 |
| Salomon Broad | 4.1 | 14.2 | 10.9 | 10.6 | 13.6 |

**Limited duration**

| | Quarter | 1 yr. | 3 yr. | 5 yr. | 10 yr. |
|---|---|---|---|---|---|
| Highest return | 4.6 | 16.1 | 12.3 | 10.1 | 13.1 |
| First quartile | 3.7 | 13.0 | 10.4 | 9.8 | 12.0 |
| Median | 3.4 | 11.8 | 10.1 | 9.4 | 11.6 |
| Third quartile | 2.9 | 10.4 | 9.5 | 8.9 | 10.7 |
| Lowest return | 0.9 | 4.7 | 6.3 | 6.3 | 9.5 |

**Intermediate duration**

| | Quarter | 1 yr. | 3 yr. | 5 yr. | 10 yr. |
|---|---|---|---|---|---|
| Highest return | 4.5 | 16.3 | 12.4 | 11.6 | 13.8 |
| First quartile | 4.2 | 13.8 | 10.8 | 10.2 | 12.7 |
| Median | 3.9 | 13.1 | 10.5 | 9.9 | 12.0 |
| Third quartile | 3.6 | 12.2 | 10.1 | 9.4 | 11.5 |
| Lowest return | 0.2 | 7.5 | 7.9 | 8.6 | 9.9 |

**Broad market**

| | Quarter | 1 yr. | 3 yr. | 5 yr. | 10 yr. |
|---|---|---|---|---|---|
| Highest return | 5.1 | 18.8 | 12.5 | 11.9 | 15.5 |
| First quartile | 4.4 | 15.1 | 11.1 | 10.7 | 13.8 |
| Median | 4.1 | 14.5 | 10.7 | 10.3 | 13.2 |
| Third quartile | 3.8 | 13.6 | 10.2 | 9.7 | 12.5 |
| Lowest return | 1.6 | 9.8 | 6.6 | 7.8 | 10.2 |

**Long duration**

| | Quarter | 1 yr. | 3 yr. | 5 yr. | 10 yr. |
|---|---|---|---|---|---|
| Highest return | 6.2 | 21.9 | 12.0 | 12.5 | 16.7 |
| First quartile | 4.8 | 17.6 | 11.4 | 11.2 | 15.7 |
| Median | 4.4 | 15.8 | 10.7 | 10.7 | 14.1 |
| Third quartile | 3.9 | 14.1 | 9.9 | 10.1 | 13.5 |
| Lowest return | 1.5 | 10.0 | 8.4 | 8.3 | 11.3 |

KIMBERLY MART

| | |
|---|---|
| Alliance Capital | 12.0 |
| Global Fixed Income (Yield) | 11.8 |
| **Salomon World** | **10.7** |

**10-year returns**

| | % |
|---|---|
| WorldInvest | 18.9 |
| Brinson Partners | 16.1 |
| Baring Int'l (1) | 15.7 |
| **Salomon World** | **14.8** |

## Top PIPER balanced accounts

**3-month returns**

| | % |
|---|---|
| Rampart Invst. (MFA plus) | 11.0 |
| John Stewart Darrell | 5.6 |
| RXR Capital | 4.5 |
| Morgan Stanley (Value) | 4.2 |
| Lehman Ark Mgmt. (GARP) | 4.2 |
| Brinson Partners (Global) | 4.1 |
| Armstrong Shaw | 4.0 |
| Crawford Invst. | 3.9 |
| Brinson Partners (Multi-asset) | 3.6 |
| Mass. Mutual (SIA-M) | 3.6 |

**1-year returns**

| | % |
|---|---|
| Quaker Capital | 31.7 |
| Rampart Invst. (MFA plus) | 26.5 |
| Provident Invst. | 22.1 |
| Rorer Asset | 21.1 |
| Harris Associates | 20.8 |
| John Stewart Darrell | 19.7 |
| Northern Capital (Asset alloc.) | 19.4 |
| Atalanta/Sosnoff Capital | 19.3 |
| Fidelity Mgmt. | 19.3 |
| Roxbury Capital | 19.1 |

**5-year returns**

| | % |
|---|---|
| Rampart Invst. (MFA plus) | 27.3 |
| Quaker Capital | 19.5 |
| Turner Invst. | 15.3 |
| Provident Invst. | 14.6 |
| Brinson Partners (U.S.) | 14.0 |
| Capstone Asset (Growth) | 13.8 |
| Brinson Partners (Global) | 13.7 |
| Galleon Capital | 13.7 |
| Oxford Capital | 13.5 |
| Roxbury Capital | 13.3 |

**10-year returns**

| | % |
|---|---|
| Harris Associates | 21.7 |
| Oxford Capital | 21.6 |
| Davenport & Co. of Va. | 20.4 |
| Provident Invst. | 20.1 |
| Wedge Capital | 19.4 |
| Fayez Sarofim | 19.2 |
| Radnor Capital (Act. low p/e) | 18.9 |
| Investment Counselors | 18.8 |
| Tom Johnson Invst. | 18.6 |
| Caldwell & Orkin (Multifactor) | 18.5 |

## Top PIPER TAA accounts

**3-month returns**

| | % |
|---|---|
| TSA Capital (100% bond) | 3.7 |
| Chancellor (Assetshift 65) | 3.7 |
| Wells Fargo Nikko (U.S.) | 3.4 |
| Chancellor (Assetshift 50) | 3.3 |
| QuantiLogic Asset | 3.3 |
| Mellon Capital | 3.2 |
| E.R. Taylor Invst. (Balanced) | 3.2 |
| Chancellor (Bondshift) | 3.1 |
| New York Life (Multi-asset) | 2.8 |
| TSA Capital (50 stocks/50 bonds) | 2.7 |

**1-year returns**

| | % |
|---|---|
| TSA Capital (100% bonds) | 20.4 |
| Pacific NW Trust | 19.5 |
| Mellon Equity (Quant.) | 17.9 |
| QuantiLogic Asset | 16.7 |
| Wells Fargo Nikko (U.S.) | 16.5 |
| Chancellor (Assetshift 65) | 15.7 |
| BRS Capital | 15.6 |
| Mellon Capital | 15.5 |
| MIMLIC Asset (Balanced) | 15.3 |
| Investment Advisors (Balanced) | 15.2 |

**5-year returns**

| | % |
|---|---|
| TSA Capital (100% bond) | 14.0 |
| Chancellor (Stockshift 200) | 14.0 |
| Seaboard Invst. (Balanced) | 13.9 |
| J.P. Morgan Invst. | 13.9 |
| QuantiLogic Asset | 13.8 |
| Bankers Trust (Actively mgd.) | 13.0 |
| Mellon Equity (Quant.) | 12.2 |
| Mellon Capital | 12.2 |
| TSA Capital (50 stock/50 bond) | 11.5 |
| Chancellor (Stockshift 150) | 11.4 |

**10-year returns**

| | % |
|---|---|
| Wagstaff, Lodefink (Balanced) | 20.3 |
| J.P. Morgan Invst. | 19.8 |
| Chancellor (Assetshift 65) | 19.1 |
| Wells Fargo Nikko (U.S.) | 18.9 |
| PanAgora Asset (Sys.) | 18.6 |
| Rightime Econometrics | 18.4 |
| Penteq (Stocks/cash only) | 18.2 |
| Renaissance Invst. (Three-way) | 16.6 |

The consultants directory will appear Nov. 9.

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## Top PIPER commingled equity funds

### Growth

#### 3-month returns

| | % |
|---|---|
| First Commercial | 2.3 |
| First Union Nat'l (Enhanced) | 2.1 |
| **S&P 500** | **1.9** |
| Bank of Waukegan | 1.8 |
| Crestar Bank | 1.7 |
| RCB Trust (Dividend) | 1.5 |
| Fifth Third Bank | 1.3 |
| NBD Bank | 1.2 |
| FirsTier Bank, Lincoln | 1.1 |
| Wesbanco Bank Wheeling | 1.1 |
| Centura Bank | 1.1 |
| **Russell 2000** | **-6.8** |

#### 1-year returns

| | % |
|---|---|
| Princeton Bank (Emerg.) | 38.2 |
| Fiduciary Trust (Special) | 30.3 |
| Bankers Trust (Sm. cap.) | 29.4 |
| RCB Trust (Sm. cap.) | 27.9 |
| Chancellor (Em. health) | 25.9 |
| Qualivest Capital | 24.8 |
| Norwest Bank (Sm. co.) | 24.6 |
| Equitable Capital (Special) | 23.1 |
| Metropolitan Life (Cap. app.) | 23.0 |
| IDS Trust (Emerg.) | 22.8 |
| **Russell 2000** | **14.5** |
| **S&P 500** | **13.4** |

#### 5-year returns

| | % |
|---|---|
| Chancellor (Em. health) | 20.4 |
| Fiduciary Trust (Special) | 19.4 |
| First Wisconsin Asset (Emerg.) | 18.2 |
| Equitable Capital (Special) | 16.6 |
| Shearson Lehman (Small cap.) | 15.8 |
| IDS Trust (Core) | 15.8 |
| Chancellor (Select) | 15.4 |
| Shearson Lehman (Flexible) | 15.2 |
| Chancellor | 15.0 |
| Lincoln Nat'l (Select) | 14.9 |
| **S&P 500** | **9.7** |
| **Russell 2000** | **4.8** |

#### 10-year returns

| | % |
|---|---|
| Sunbank Capital | 25.9 |
| Connecticut Nat'l (Small cap.) | 21.6 |
| Norwest Bank (Small co.) | 20.9 |
| Chancellor | 20.8 |
| First Wisconsin Asset (Small co.) | 20.3 |
| Associated Bank (P/PS) | 19.3 |
| Guardian Insurance (Variable A) | 19.2 |
| Equitable Capital (Special) | 19.2 |
| Equitable Capital (S.A. 4) | 19.2 |
| Investment Trust | 19.1 |

### Value

#### 3-month returns

| | % |
|---|---|
| Provident Mutual (S.A. 1) | 6.5 |
| Summit Bank | 4.9 |
| Merus Capital (Income) | 4.5 |
| Sunbank Capital (Income) | 4.1 |
| John Hancock Mutual (Concen.) | 3.7 |
| Mass. Mutual (Core) | 3.5 |
| Weststar Bank | 3.4 |
| Gary Wheaton Bank (Hedged) | 3.4 |
| John Hancock Mutual (Divers.) | 3.3 |
| Wilmington Trust | 3.2 |
| **S&P 500** | **1.9** |
| **Russell 2000** | **-6.8** |

#### 1-year returns

| | % |
|---|---|
| U.S. Nat'l Bank/Galveston | 26.6 |
| Sunbank Capital | 25.8 |
| New York Life (S.A. 6) | 24.8 |
| Second Nat'l Bank | 20.2 |
| Trust Co./West (Valued added) | 19.9 |
| Pacific NW Trust Co. | 19.8 |
| Connecticut Mutual Life | 19.5 |
| Jefferson Nat'l Bank | 19.5 |
| Associated Bank (P/PS) | 19.5 |
| Marinvest (Total return) | 19.3 |
| **Russell 2000** | **14.5** |
| **S&P 500** | **13.4** |

#### 5-year returns

| | % |
|---|---|
| U.S. Nat'l Bank/Galveston | 16.4 |
| First Nat'l Bank/Amarillo | 15.4 |
| Associated Bank (P/PS) | 15.4 |
| State Street Asset (Matrix Syn.) | 14.9 |
| John Hancock Mutual (Divers.) | 12.9 |
| Mass. Mutual (Sm. cap.) | 12.4 |
| RCB Trust (Cap. apprec.) | 12.2 |
| RCB Trust (Total return) | 12.1 |
| NBD Trust Co./Illinois | 12.1 |
| Associated Kellogg Bank | 12.1 |
| **S&P 500** | **9.7** |
| **Russell 2000** | **4.8** |

#### 10-year returns

| | % |
|---|---|
| U.S. Nat'l Bank/Galveston | 21.2 |
| First Nat'l Bank/Amarillo | 20.6 |
| John Hancock Mutual (Divers.) | 20.5 |
| Chancellor | 20.1 |
| John Hancock Mutual (Concen.) | 20.0 |
| Connecticut Mutual | 20.0 |
| Merus Capital (Income) | 19.7 |
| Provident Mutual (S.A. 1) | 19.4 |
| NationsBank (Income) | 19.2 |
| Merus Capital (Inc./gro.) | 19.1 |
| **S&P 500** | **18.5** |
| **Russell 2000** | **13.7** |

### Other equity

#### 3-month returns

| | % |
|---|---|
| Connecticut Mutual (Select) | 8.1 |
| Associated Bank (P/PS regional) | 6.8 |
| CNA Insurance (S.A. A) | 3.3 |
| Southwest Nat'l of Pa. (E) | 3.1 |
| Chancellor (Multifact) | 2.7 |
| Markston Invst. (V.A.) | 2.5 |
| PW Trust (Conserv.) | 2.5 |
| The New England (S.A.) | 2.3 |
| UBS Asset (CMB and fixed)) | 2.2 |
| Wells Fargo Nikko (S.A. free) | 2.2 |
| **S&P 500** | **1.9** |
| **Russell 2000** | **-6.8** |

#### 1-year returns

| | % |
|---|---|
| Deposit Guaranty (Sp. opp.) | 37.4 |
| Meridian-Pa. (Quest) | 34.7 |
| Associated Bank (P/PS regional) | 31.6 |
| Wellington Trust (Sp. sit.) | 30.3 |
| Markston Invst. (V.A.) | 23.3 |
| Lincoln Nat'l (Sp. opp.) | 20.1 |
| Chancellor (Multifact) | 19.8 |
| Meridian | 19.7 |
| The New England (Cap. gro.) | 19.5 |
| Mellon Equity (Active core) | 18.6 |
| **Russell 2000** | **14.5** |
| **S&P 500** | **13.4** |

#### 5-year returns

| | % |
|---|---|
| Bankers Trust (Minority) | 24.1 |
| Meridian (Quest) | 18.7 |
| Markston Invst. (V.A.) | 16.7 |
| Wellington Trust (Sp. sit.) | 16.4 |
| Deposit Guaranty (Sp. opp.) | 15.3 |
| Lincoln Nat'l (Sp. opp.) | 13.6 |
| Meridian | 13.5 |
| Markston Invst. (Long-term gro.) | 11.9 |
| The New England (Cap. gro.) | 11.4 |
| Chancellor (Multifact) | 11.1 |
| **S&P 500** | **9.7** |
| **Russell 2000** | **4.8** |

#### 10-year returns

| | % |
|---|---|
| The New England (Cap. gro.) | 20.5 |
| Markston Invst. (Long-term gro.) | 19.8 |
| Mellon Equity (Active core) | 19.5 |
| Meridian | 19.4 |
| Chancellor (Indexplus) | 19.2 |
| Wesbanco Bank Wheeling (B) | 19.0 |
| Nationwide Life Insurance | 18.9 |
| Bankers Trust (S&P 500 index) | 18.6 |
| First Interstate (Index) | 18.5 |
| Wells Fargo Nikko (Index) | 18.5 |
| **S&P 500** | **18.5** |
| **Russell 2000** | **13.7** |

## Top PIPER commingled fixed-income funds

### Limited duration

#### 3-month returns

| | % |
|---|---|
| First Bank of Milwaukee | 4.6 |
| Old Second Bank | 4.3 |
| Continental Bancorp | 4.2 |
| Prudential (Struc. mat.) | 4.1 |
| **Salomon Broad** | **4.1** |
| Security Nat'l Bank | 4.0 |
| First Tennessee Bank | 4.0 |
| Mercantile Nat'l of Indiana | 4.0 |
| Chancellor | 4.0 |
| Penn Mutual (S.A. C) | 3.9 |
| Pioneer Bank | 3.8 |

#### 1-year returns

| | % |
|---|---|
| Southwest Nat'l Bank of Pa. | 16.1 |
| Penn Mutual Life (S.A. C) | 14.9 |
| First Bank of Milwaukee | 14.7 |
| **Salomon Broad** | **14.2** |
| Security Nat'l Bank | 13.9 |
| Continental Bancorp, Phil. | 13.8 |
| Security Nat'l Bank (II) | 13.5 |
| Shearson Lehman (IF-2) | 13.4 |
| Prudential (Struc. mat.) | 13.2 |
| Wesbanco Bank Wheeling | 13.1 |
| Mercantile Nat'l of Indiana | 13.1 |

#### 5-year returns

| | % |
|---|---|
| **Salomon Broad** | **10.6** |
| Mercantile Safe Deposit | 10.1 |
| Prudential (Struc. mat.) | 10.1 |
| Security Nat'l Bank | 10.0 |
| Wesbanco Bank Wheeling | 10.0 |
| Old Second Bank | 9.9 |
| Old Second Bank (HR 10) | 9.9 |
| Trustmark Nat'l Bank | 9.9 |
| Security Nat'l Bank (II) | 9.9 |
| First Tennessee Bank | 9.8 |
| Continental Bancorp, Phil. | 9.8 |

#### 10-year returns

| | % |
|---|---|
| **Salomon Broad** | **13.6** |
| Wesbanco Bank Wheeling | 13.1 |
| Pioneer Bank | 12.7 |
| Mercantile Safe Deposit | 12.6 |
| Central Banks (Treas./agency) | 12.5 |
| Old Second Bank | 12.4 |
| Old Second Bank (HR 10) | 12.1 |
| First Tennessee Bank | 12.0 |
| First Wisconsin (Port. short/inter.) | 12.0 |
| Chancellor | 11.9 |
| Associated Kellogg Bank | 11.8 |

### Intermediate duration

#### 3-month returns

| | % |
|---|---|
| FirsTier Bank-Omaha | 4.5 |
| Manufacturers Nat'l | 4.5 |
| Team Bank | 4.5 |
| UBS Asset (CMB) | 4.4 |
| Key Trust Co. of Alaska | 4.3 |
| First City, Texas | 4.3 |
| NationsBank (Mtg.-backed) | 4.3 |
| The New England (S.A.) | 4.2 |
| Wellington Trust | 4.2 |
| Norwest Bank (Mgd.) | 4.2 |
| **Salomon Broad** | **4.1** |


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### 1-year returns

| | % |
|---|---|
| The New England (S.A.) | 16.3 |
| Key Trust Co. of Alaska | 15.3 |
| UBS Asset (CMB) | 15.3 |
| Key Trust of the NW | 14.6 |
| NationsBank (Mtg.-backed) | 14.6 |
| **Salomon Broad** | **14.2** |
| FirsTier Bank-Omaha | 14.1 |
| Boatmen's Trust (J) | 14.1 |
| Wellington Trust | 14.0 |
| CIGNA Invst. (Active) | 13.9 |
| Manufacturers Nat'l | 13.8 |

### 5-year returns

| | % |
|---|---|
| NationsBank (Mtg.-backed) | 11.6 |
| The New England (S.A.) | 10.9 |
| Cullen Bank | 10.6 |
| **Salomon Broad** | **10.6** |
| CIGNA Invst. (Active) | 10.5 |
| Wellington Trust | 10.5 |
| LaSalle Street Capital (Gov't) | 10.3 |
| Crestar Bank | 10.3 |
| Princeton Bank | 10.3 |
| First Nat'l/Omaha (Laddered) | 10.3 |
| Key Trust Co. of the NW | 10.2 |

### 10-year returns

| | % |
|---|---|
| CIGNA Invst. (Active) | 13.8 |
| First Nat'l/Omaha (Laddered) | 13.6 |
| Columbus Bank | 13.6 |
| **Salomon Broad** | **13.6** |
| The New England (S.A.) | 13.2 |
| General American (Com. mtg.) | 12.8 |
| Cullen Bank | 12.8 |
| Norwest Bank (Mgd.) | 12.8 |
| FirsTier Bank-Lincoln | 12.5 |
| General American | 12.5 |
| LaSalle Street Capital (Gov't) | 12.4 |

## Broad market

### 3-month returns

| | % |
|---|---|
| Chancellor (Mtg. sec.) | 5.1 |
| Manufacturers Affiliated | 5.0 |
| Manufacturers Nat'l | 5.0 |
| The Principal | 4.9 |
| First Interstate (Mgd.) | 4.8 |
| Southtrust Bank of Alabama | 4.7 |
| Citizens Fidelity Bank | 4.7 |
| Colorado Nat'l Bank | 4.7 |
| J.P. Morgan Invst. (Tactical) | 4.7 |
| Puget Sound Nat'l Bank | 4.7 |
| **Salomon Broad** | **4.1** |

### 1-year returns

| | % |
|---|---|
| Wellington Trust (Emerg.) | 18.8 |
| Beverly Trust | 17.0 |
| Investment Trust | 16.6 |
| Aetna Life | 16.6 |
| Metropolitan Life (S.A. 41) | 16.6 |
| Maunfacturers Affiliated | 16.3 |
| Manufacturers Nat'l | 16.3 |
| Prudential (Privest) | 16.3 |
| Puget Sound Nat'l | 16.1 |
| Phoenix Home Life (Mgd.) | 15.7 |
| **Salomon Broad** | **14.2** |

### 5-year returns

| | % |
|---|---|
| General American (Private place.) | 11.9 |
| Aetna Life | 11.9 |
| Beverly Trust | 11.6 |
| First Nat'l Bank/Amarillo | 11.6 |
| J.P. Morgan Invst. | 11.5 |
| First Nat'l Bank of Maryland | 11.5 |
| The Principal | 11.5 |
| J.P. Morgan Invst. (Tactical) | 11.3 |
| IAA Trust | 11.3 |
| Prudential (Privest) | 11.3 |
| **Salomon Broad** | **10.6** |

### 10-year returns

| | % |
|---|---|
| Meridian | 15.5 |
| IAA Trust | 14.9 |
| Beverly Trust | 14.7 |
| Prudential (Privest) | 14.7 |
| First Nat'l Bank/Amarillo | 14.7 |
| First Kentucky | 14.4 |
| Colorado Nat'l Bank | 14.4 |
| Aetna Life | 14.3 |
| Society Nat'l Bank | 14.3 |
| John Hancock (1D) | 14.3 |
| **Salomon Broad** | **13.6** |

Foreign stock exchanges will be highlighted in the Sept. 14 issue.

## Long duration

### 3-month returns

| | % |
|---|---|
| Prudential | 6.2 |
| Boatmen's Trust (F) | 5.5 |
| UBS Asset (CMB) | 5.0 |
| Transamerica Invst. | 4.8 |
| Life of Virginia Aon | 4.8 |
| Lincoln Nat'l | 4.7 |
| IDS Trust | 4.6 |
| United States Trust/N.Y. | 4.6 |
| **Salomon Broad** | **4.1** |

### 1-year returns

| | % |
|---|---|
| Prudential | 21.9 |
| Boatmen's Trust (F) | 19.9 |
| Lincoln Nat'l | 18.8 |
| Transamerica Invst. | 17.7 |
| UBS Asset (CMB) | 17.3 |
| Life of Virginia Aon | 17.0 |
| United States Trust/N.Y. | 16.7 |
| NationsBank | 16.6 |
| **Salomon Broad** | **14.2** |


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# Franklin pays full price for Templeton name

**By Anne Schwimmer**

Franklin Resources Inc. is paying a good penny to acquire Templeton, Galbraith & Hansberger Ltd.

The $913 million purchase price, if approved by shareholders, is five times Templeton's historical revenues, 4.1% of assets under management and 13 times pretax earnings, according to Bruce Cameron, a principal at Berkshire Capital Corp., New York. Berkshire Capital, an investment banking boutique that specializes in the financial services industry, was not involved in the deal.

Templeton, with $21 billion under management — $20 million of that in tax-exempt assets — is a leader in international equity mutual funds. Franklin, with $65 billion under management — $30.5 billion of that in tax-exempt assets — handles primarily U.S. fixed-income investments for its mutual fund clients.

Franklin paid "a pretty full price," Mr. Cameron said. "Templeton has been growing, it's got an excellent reputation, but the multiples are still high."

When Massachusetts Mutual Life Insurance Co. purchase Oppenheimer Management Corp. in late 1990, it paid $157.5 million. That was about two times its revenues, 1.2% of assets under management and 7.5 times pretax earnings, sources said. Earlier this year, T. Rowe Price Associates Inc. acquired the mutual fund operations of USF&G Corp. for $12 million. The price paid was 2.07 times revenues and 1.7% of assets under management, according to sources.

Chuck Johnson, senior vice president at Franklin, said the acquisition will be financed with $350 million in senior bank debt (led by co-agents Chemical Bank and Bank of America) and by $150 million in subordinated convertible bonds. Of the bonds, $100 million was sold to Hellman & Friedman Capital Partners II — a fund managed by Hellman and Friedman, San Francisco, whose investors are mostly pension funds. The remaining $50 million was bought by one of the participants in the fund. Mr. Johnson declined to name the investor.

Said Warren Hellman, general partner at Hellman & Friedman: "We like the money management business. When the opportunity to invest in Franklin came along, it fit our general investment objectives. . . . From every standpoint it seems to be an attractive opportunity for us."

Another $75 million in stock will be sold to three major Templeton shareholders, including Mr. Templeton and his son.

The remaining $338 million will be paid in cash, Franklin's Mr. Johnson said.

Mr. Johnson said Franklin is pleased with the acquisition. "We paid it so we're obviously satisfied," he said. "Companies of this caliber and this size rarely come on the market. They're not really sold.

"The Templeton organization and the Templeton name (are) such a marquee, we feel that even at the price we paid we got a good value," Mr. Johnson said.

Franklin initially intends to continue to run the two businesses as separate operations, Mr. Johnson added.

Mr. Johnson said: "(Templeton has) been offshore and building up a presence around the globe years before anyone else. . . . We feel strategically that in order to maintain competitiveness in the money management business, you're going to need global capabilities. We feel this is a very inexpensive way to obtain that knowledge." ■


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## PIPER

### 5-year returns

| | % |
|---|---|
| Transamerica Invst. | 12.5 |
| Boatmen's Trust (F) | 12.0 |
| Prudential | 11.9 |
| Second Nat'l Bank | 11.6 |
| United States Trust/N.Y. | 11.1 |
| UBS Asset (CMB) | 10.8 |
| UBS Asset (CMB securitized) | 10.8 |
| **Salomon Broad** | **10.6** |

### 10-year returns

| | % |
|---|---|
| Transamerica Invst. | 16.7 |
| United Capital | 15.9 |
| Boatmen's Trust (F) | 15.7 |
| Life of Virginia Aon | 15.1 |
| Equitable Capital (Strategic) | 14.4 |
| **Salomon Broad** | **13.6** |

### Other fixed-income 3-month returns

| | % |
|---|---|
| Barnett Banks | 4.4 |
| UBS Asset (CMB index) | 4.1 |
| Travelers (Index) | 4.1 |
| Bankers Trust (Lehman index) | 4.1 |
| **Salomon Broad** | **4.1** |
| ASB Capital (Total return) | 4.0 |
| First Wisconsin (Structured) | 3.8 |
| Connecticut Mutual (Dimens.) | 2.3 |

### 1-year returns

| | % |
|---|---|
| First Wisconsin (Structured) | 17.9 |
| Connecticut Mutual (Dimens.) | 17.0 |
| Barnett Banks | 15.2 |
| UBS Asset (CMB index) | 14.5 |
| ASB Capital (Total return) | 14.3 |
| Bankers Trust (Lehman index) | 14.2 |
| **Salomon Broad** | **14.2** |
| Travelers (Index) | 14.0 |

### 5-year returns

| | % |
|---|---|
| First Wisconsin (Structured) | 11.5 |
| UBS Asset (CMB index) | 10.7 |
| ASB Capital (Total return) | 10.7 |
| Barnett Banks | 10.6 |
| **Salomon Broad** | **10.6** |
| Bankers Trust (Lehman index) | 10.4 |

### 10-year returns

| | % |
|---|---|
| ASB Capital (Total return) | 14.3 |
| **Salomon Broad** | **13.6** |


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## PIPER equity accounts

Periods ended June 30

**International**

| | Quarter | 1 yr. | 3 yr. | 5 yr. | 10 yr. |
|---|---|---|---|---|---|
| Highest return | 15.3 | 43.9 | 26.9 | 18.0 | 27.1 |
| First quartile | 5.7 | 14.4 | 9.4 | 8.0 | 21.0 |
| Median | 4.2 | 7.2 | 6.0 | 6.0 | 20.0 |
| Third quartile | 2.6 | 1.1 | 1.7 | 3.2 | 18.0 |
| Lowest return | -5.8 | -16.0 | -3.7 | -2.6 | 14.9 |
| MSCI Eafe | 2.2 | -0.3 | -2.9 | 0.9 | 19.0 |
| FTA Europe & Pacific | 1.7 | -1.8 | -3.5 | 0.6 | 18.9 |

**Global**

| | Quarter | 1 yr. | 3 yr. | 5 yr. | 10 yr. |
|---|---|---|---|---|---|
| Highest return | 15.7 | 37.0 | 19.6 | 14.1 | 23.4 |
| First quartile | 5.0 | 16.7 | 10.9 | 9.3 | 21.1 |
| Median | 3.1 | 11.7 | 8.2 | 8.0 | 20.6 |
| Third quartile | 0.8 | 7.8 | 7.1 | 5.4 | 18.2 |
| Lowest return | -1.0 | -4.1 | -3.2 | 1.1 | 13.3 |
| MSCI World | 1.9 | 4.8 | 2.6 | 4.0 | 18.0 |
| FTA World | 1.4 | 4.2 | 2.3 | 3.9 | 16.8 |

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## PIPER managed equity accounts

Periods ended June 30

**Overall**

| | Quarter | 1 yr. | 3 yr. | 5 yr. | 10 yr. |
|---|---|---|---|---|---|
| Highest return | 12.3 | 44.0 | 36.9 | 35.1 | 29.9 |
| First quartile | 0.9 | 17.5 | 15.3 | 12.4 | 20.3 |
| Median | -1.4 | 14.2 | 12.1 | 10.4 | 18.6 |
| Third quartile | -4.6 | 11.0 | 9.6 | 8.8 | 17.0 |
| Lowest return | -17.7 | -34.0 | -2.3 | 1.0 | 10.7 |
| S&P 500 | 1.9 | 13.4 | 12.4 | 9.7 | 16.5 |
| Russell 2000 | -6.8 | 14.5 | 6.1 | 4.8 | 13.7 |

**Growth**

| | Quarter | 1 yr. | 3 yr. | 5 yr. | 10 yr. |
|---|---|---|---|---|---|
| Highest return | 4.6 | 38.9 | 36.9 | 25.8 | 29.9 |
| First quartile | -1.6 | 18.7 | 18.7 | 13.8 | 20.6 |
| Median | -3.8 | 13.7 | 14.9 | 11.2 | 18.9 |
| Third quartile | -7.6 | 10.4 | 11.3 | 9.2 | 16.6 |
| Lowest return | -17.7 | -4.7 | 0.5 | 1.2 | 10.7 |

**Value**

| | Quarter | 1 yr. | 3 yr. | 5 yr. | 10 yr. |
|---|---|---|---|---|---|
| Highest return | 10.8 | 44.0 | 19.5 | 33.7 | 24.3 |
| First quartile | 1.7 | 18.2 | 12.8 | 11.6 | 20.0 |
| Median | -0.1 | 14.6 | 10.8 | 10.1 | 18.4 |
| Third quartile | -1.8 | 11.8 | 8.7 | 8.6 | 17.2 |
| Lowest return | -10.9 | -3.8 | -2.3 | 3.5 | 12.5 |

KIMBERLY MART

# Index managers post slight gains in assets

**By Sabine Schramm**

Index fund assets grew only modestly during the six months ended May 31, continuing a sluggish cycle that began a year ago.

Total indexed assets for the 56 leading fund managers surveyed by *Pensions & Investments* increased 9.4% to $392.4 billion from $358.8 billion for 52 managers surveyed Dec. 1. For managers included in both surveys only, the increase was 8.3% with $388.9 billion in assets as of May 31.

Although stronger than the 4.9% gain in the previous survey, the increase is far below the 25% gain of a year ago.

U.S. institutional tax-exempt assets account for 90%, about $353 billion, of the indexed assets reported.

International indexed equity funds, which made the strongest gains in previous periods, continued to lead. In the six months ended May 31, assets grew 16.4% to $41.6 billion from $35.8 billion Dec. 1. When adjusted for the 4% growth in the Morgan Stanley Capital International Europe Australia Far East Index, international indexed equities gained 12%.

"International investing is alive," said Fred Grauer, chairman and chief executive officer at Wells Fargo Nikko Investment Advisors, San Francisco. Mr. Grauer noted that although the weighting of Japan in international indexes was an issue, demand for international equity index funds was re-accelerating.

The use of international indexing as a tool for diversification continues among institutional investors, although not at the same level as a year ago when international indexed assets grew 35%.

During the past 12 months, searches for managers in both active and indexed international equity has been fairly level, according to the Tracker data base of Eager & Associates, Louisville, Ky. For the six-month period ended Nov. 30, 16.9% of international equity assets were placed with index managers, while 13% were placed with index managers for the six-month period ended June 1, with average placements of $41.5 million and $50 million respectively.

Although some institutional investors have moved to customized indexes to reduce the volatility of Japan's weighting, the majority of international equity placements have been with active managers, according to the Tracker data.

"There is more ability on the part of active managers to underweight Japan," said Don Brackey, principal at William M. Mercer Asset Planning Inc., Chicago.

Total assets for domestic indexed equity assets grew 9.5% for the six months to $253.6 billion. When adjusted for the 12.3% rise in the Standard & Poor's 500 Stock Index, however, assets actually fell −2.5%. In the six-month period ended Dec. 1, equity indexed assets grew a market-adjusted 5.3%.

Although domestic fixed-income indexed assets grew a more modest 6.1% to $95.2 billion from the previous $89.8 billion, market-adjusted growth was only 1.6%. The Lehman Brothers Government/Corporate Bond Index rose 4.4% in the six months.

"Indexing is treading water, there's some money going in and some going out," said Mr. Brackey. He does not see any meaningful trend toward or away from indexing at this point.

Wells Fargo Nikko continues to lead index managers overall with $114.6 billion in indexed assets and continues to be the only one with more than $100 billion in indexed assets.

Looking at trends in indexing as a whole, Mr. Grauer sees continued growth, and a possible resurgence in bond indexing. "Many of the basic trends that moved investors to indexing remain in place," he said, although noting demand for services is cyclical.

The domestic equity index assets managed by The Vanguard Group Inc., Valley Forge, Pa., jumped 42% from the assets reported Dec. 1, the largest percentage increase by the managers surveyed. Although most of the mutual fund manager's new equity index business is from retail clients, "defined contribution plans are coming in as a bigger factor," said Gus Sauter, vice president of Vanguard's core management group. "Defined contribution plans with participant selection are retail oriented," Mr. Sauter pointed out. "Right now, indexing is a small percentage of the mutual fund market, there's room for plenty of growth."

Domestic fixed-income assets for Ryan Labs Inc., New York, rose 43% to $2.2 billion, largely from its liability index fund started in January 1991, according to Ron Ryan, president. In that program, a customized index is created to match the sponsor's term structure of pension liabilities and weighted to the fund's actuarial schedule.

Assets in international fixed-income indexed accounts rose 23.7% to $1.9 billion overall, or almost 18% when adjusted for the 4.9% return of the Salomon Brothers World Government Bond Index.

Much of that growth, however, can be accounted for by the addition of $475 million of indexed assets from Rowe-Price Fleming International Inc., Baltimore, Md. The firm was not included in the previous survey.

Excluding those assets, international fixed-income assets actually fell −11% when adjusted for market growth.

Within indexing itself, investors are diversifying their index portfolios. "Investment plans are expanding their index core," said Paul Magnuson, index fund manager at NationsBank, Dallas. Although the S&P 500 is the most used index, Mr. Magnuson notes funds are shifting some of those assets into middle-capitalization stock, small-cap stock, customized and international indexes. ■

## Leading index fund managers

($ millions)

| Company | Total | Domestic equity | Domestic fixed income | Int'l equity | Int'l fixed income |
|---|---|---|---|---|---|
| Wells Fargo Nikko | 114,618 | 71,402 | 30,570 | 12,529 | 117 |
| Bankers Trust | 74,048 | 59,380 | 9,496 | 5,056 | 116 |
| State Street | 31,289 | 19,580 | 2,483 | 13,403 | 265 |
| Mellon Capital | 32,049 | 23,202 | 7,185 | 902 | 0 |
| ANB* | 13,752 | 11,247 | 1,769 | 736 | 0 |
| PanAgora | 11,385 | 6,830 | 3,226 | 1,293 | 36 |
| Vanguard | 9,504 | 8,239 | 900 | 365 | 0 |
| Alliance | 9,446 | 8,191 | 22 | 1,233 | 0 |
| Mellon Bond | 8,223 | 0 | 8,223 | 0 | 0 |
| Lincoln Capital | 8,100 | 0 | 8,100 | 0 | 0 |
| Dimensional Fund | 6,661 | 4,868 | 1,016 | 777 | 0 |
| GE Investment | 6,454 | 6,454 | 0 | 0 | 0 |
| Wilshire | 5,700 | 5,700 | 0 | 0 | 0 |
| Manufacturers National | 5,367 | 4,384 | 71 | 912 | 0 |
| T. Rowe Price | 4,430 | 685 | 3,270 | 0 | 475 |
| Northern Trust | 3,414 | 2,914 | 500 | 0 | 0 |
| BEA | 2,953 | 1,574 | 1,340 | 39 | 0 |
| UBS (Chase) | 2,850 | 1,715 | 625 | 510 | 0 |
| First Wisconsin | 2,740 | 140 | 2,600 | 0 | 0 |
| Travelers | 2,551 | 1,217 | 656 | 425 | 253 |
| Ryan Labs | 2,287 | 0 | 2,287 | 0 | 0 |
| Miller, Anderson | 2,224 | 0 | 2,224 | 0 | 0 |
| Pacific Investment | 2,000 | 2,000 | 0 | 0 | 0 |
| Advanced Investment | 1,886 | 1,872 | 14 | 0 | 0 |
| PDI | 1,741 | 1,388 | 0 | 353 | 0 |
| Boston International | 1,637 | 0 | 0 | 1,637 | 0 |
| Prudential Fixed | 1,360 | 0 | 1,360 | 0 | 0 |
| Fidelity | 1,315 | 1,280 | 55 | 0 | 0 |
| Axe Core | 1,300 | 468 | 0 | 832 | 0 |
| CIGNA | 1,250 | 1,250 | 0 | 0 | 0 |
| Chancellor | 1,232 | 1,033 | 165 | 34 | 0 |
| Sears | 1,224 | 1,224 | 0 | 0 | 0 |
| Putnam | 1,189 | 0 | 1,189 | 0 | 0 |
| Metropolitan Life | 1,166 | 921 | 245 | 0 | 0 |
| Security Capital | 1,013 | 0 | 818 | 0 | 195 |
| Atlantic Portfolio | 921 | 0 | 921 | 0 | 0 |
| Aetna | 900 | 420 | 138 | 342 | 0 |
| Harris Trust | 900 | 500 | 400 | 0 | 0 |
| WR Lazard | 854 | 0 | 854 | 0 | 0 |
| Lehman Ark | 817 | 0 | 817 | 0 | 0 |
| Boatmen's | 797 | 677 | 120 | 0 | 0 |
| Mitchell Hutchins | 770 | 129 | 641 | 0 | 0 |
| ASB Capital | 768 | 768 | 0 | 0 | 0 |
| Associated Capital | 501 | 373 | 128 | 0 | 0 |
| Rowe-Price Fleming | 475 | 0 | 0 | 0 | 475 |
| NBD | 363 | 363 | 0 | 0 | 0 |
| First Interstate | 357 | 204 | 143 | 10 | 0 |
| Nikko Capital | 302 | 133 | 0 | 169 | 0 |
| Bank of New York | 297 | 210 | 80 | 7 | 0 |
| Fiduciary Trust | 295 | 0 | 295 | 0 | 0 |
| Todd Investment | 279 | 0 | 279 | 0 | 0 |
| NationsBank | 254 | 249 | 0 | 5 | 0 |
| Rhumbline | 181 | 134 | 0 | 47 | 0 |
| Rushmore | 172 | 172 | 0 | 0 | 0 |
| MTH | 115 | 115 | 0 | 0 | 0 |
| Wright Investors | 27 | 0 | 0 | 27 | 0 |
| Total | 392,385 | 253,585 | 95,225 | 41,643 | 1,932 |

* As of Dec. 91

A TRANSACTA

# Buffet's investment has some puzzled

**By Lisa Schultz and Barry B. Burr**

Renowned investor Warren Buffett's purchase of 15% of General Dynamics Corp. represents a contrarian turn because GD already had a huge runup in its stock price and is in an industry whose market is controlled by the government.

"One wonders if (this stock) meets his principles of investing," said Lan Janecek, chief of equities, Florida State Board of Administration, Tallahassee.

The $29.3 billion public pension fund owns some 228,000 General Dynamics shares, less than 1% of the 28 million shares outstanding. Mr. Janecek said the fund holds most of the shares in index portfolios.

Mr. Buffett, chairman of Berkshire Hathaway Inc., Omaha, Neb., has declined to comment on the purchase, leaving analysts and portfolio managers to speculate on the reason for the buy, a move a contrarian might make in a post-Cold War environment.

"I don't know if he views it as a trading stock or an investing stock," said Wolfgang H. Demisch, managing director, UBS Securities Inc., New York.

"It's not an overwhelming position in Berkshire Hathaway," even though the stake makes Berkshire Hathaway General Dynamics largest shareholder.

The 4.3 million General Dynamics shares have a market value of $323 million, representing about 3% of Berkshire Hathaway's market value of $10.5 billion.

General Dynamics stock was $78 July 29, the same day GD announced it was laying off more than a quarter of its employees at a Texas plant. The stock closed at 74½ the day before the July 23 announcement of the purchase. None of the analysts saw any spillover benefits to other defense industry companies; and none changed their opinion of the company because of Mr. Buffett's big buy. Many analysts said, however, his purchase will be favorable for the stock because other investors in general might want to buy the stock to hitch onto the bandwagon of the highly regarded Mr. Buffett.

General Dynamics's stock has underperformed over the last 10 years, ended last Dec. 31. It returned a compound annual 9.1%, compared to an average of 17.1% for 10 other defense companies and 17.6% for the Standard & Poor's 500 Stock Index.

But in the last 18 months, defense industry stocks, especially General Dynamics, have blasted off. Last year, General Dynamics skyrocketed 118.4%, compared to 39.1% for the defense industry and 30.5% for the S&P 500. In the first six months of this year, General Dynamics jumped an actual 48.4%, while the defense industry went up only 3.1% and the S&P 500 fell 0.64%.

*See* **Buffett** *on page 27*